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Near East/South Asia Report

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21 June 1984

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NUMBER OF EXPATRIATE WORKERS SWELLS IN GULF

London AL-HAWADITH in Arabic No 1436, 11 May 84 p 52

[Article by 'Isam 'Abd al-'Aziz: "Arab-Arab Migration"]

[Text] It is said that a Gulf citizen was once asked which is the largest minority in his country. He replied jokingly: "We." The truth is this short answer actually describes the reality existing in a number of Arab countries.

The Arab oil-exporting countries have become a magnet for Arab and non-Arab workers so that their total number, according to some estimates, is about 7 million individuals, including 4 million Arabs (the Egyptians constitute 60 percent) and 2.5 million Asians. This has led to surprising and profound changes in the manpower map of the region in addition to producing economic, demographic, and social consequences.

This has revealed the extent of the shortcomings of the agencies supervising the Arab manpower sectors with respect to the sciences of management, organization, statistics, and programs in these sectors.

The worker-exporting countries do not have a clear plan for manpower development consistent with this new phenomenon. Consider this one example. Statistics show that by 1985 Saudi Arabia alone will need more technicians--especially in the industrial conversion sectors, wire and wireless communication services, and maintenance work--than the number of students now attending schools throughout the Arab world, including those studying some specialty. Indeed, there are no more than 35,000 such students as against 85,000 students in engineering schools. This is despite the fact that the correct proportion between the two groups should be four technicians for each engineer.

This may be due to a conviction that colors the general background of the discussion on the phenomenon of Arabs migrating to Arab countries, namely, the phenomenon is temporary and should not be expected to continue as a permanent feature of the Arab manpower map. However, this conviction is remote from the reality, which is that the growth of the petroleum industries in the Gulf states and the development of the infrastructure therein as well as the nature of the work force all provide a permanent guarantee of the

continued existence of Arab manpower, however much it may fluctuate in size, in the oil-exporting states.

The real area in which the Arab countries' manpower supervisory agencies are clearly unable to "manage" this phenomenon is that involving the authorities concerned with employment and the laws regulating it.

However, the case of Tunis is an exception worth studying. The Tunisian employment offices register those seeking work and information relating to their experience on a computer and then undertake to assign them to appropriate training courses, after which they are referred to the jobs listed in those offices.

In the other cases, there is usually a constant search for a strong central manpower agency to organize the acceptance of job requests from the branch agencies and classify them according to the experience of the applicants. In fact, there is a search for a permanent and pan-Arab system for classification from the beginning.

Among the consequences are the absence of information and of a system for collecting and exchanging it and the lack of accurate figures on the characteristics of the manpower or on the supply and demand situation throughout the Arab labor market.

The resulting harm really affects everyone, for the productive sectors of the labor-importing countries to which "those who want to migrate" come may not need them, the labor-exporting countries are unable to work up training plans suitable for the Arab labor market situation, and the Arab workers lose many job opportunities "snatched" from them in most cases by Asians.

5214

CSO: 4404/483

ARMENIAN PATRIARCH CONDEMNS TERRORISM, DENIES TURKISH PRESSURE

Istanbul MARMARA in Armenian 8 May 84 p 1

[Text] In answer to the questions of Oulousal Basin News Agency, His Grace Shnork Archbishop Kalusdian, Patriarch of the Armenians of Turkey once again condemned Armenian terrorism, adding that he did so under no state pressure at all.

We read in a report sent to us by the Patriarchate:

Question: Ara Toranian, leader of the Armenian National Movement, maintains that the Armenians of Turkey do not share the views of his movement because they live in Turkey. Once they leave Turkey, their views coincide with those of the movement. Do you have anything to say on this?

Answer: It is obvious right from the first glance that the purpose of such words is provocation. That declaration aims at creating a provocation that will embarrass the Armenians of Turkey in the eyes of Turkish public opinion.

We have declared on several occasions that no pressure is exerted on our Patriarchate and on our community. We do have a number of problems but they are all problems of a legal nature. We have entered into a constructive dialogue with the government and we believe that by time, these problems will be solved.

One of the aims of the anti-Turk acts abroad is to create in the Islamic people an attitude of coldness towards the Armenian community and thus render difficult the resolution of our problems. They think they will succeed in it and in this manner justify persisting in their stubborn views. Any reasonable man knows that one of the aims of terrorism is to bring about such disturbances.

Terrorism, which is a disease of our century, is nothing but such actions that these men defend, directly or indirectly. Any respectable man must stand up against terrorism with all his might, must condemn it and, in the words of our Prime Minister, must stay away from it. Terrorism is an inhuman act. We condemn with all our faith, all acts of anarchy and terrorism. On the other hand, it is a totally groundless supposition to insist that the Armenian community and the Armenian Church of Turkey are acting under pressure. In matters of freedom of conscience and of religion, it is only from God that we take our orders.

As for the second part of the question, it is true that a number of Armenians of Turkey have gone abroad for economic and family reasons. If among them, we meet people who succumb to propaganda and undertake anti-Turkish actions, we should count them among those Turks established in Europe who act against the Turkish State and regime and about whom we read in our press every day. Besides, even if a few such men exist, they cannot represent all the Armenians who have emigrated from Turkey.

I hereby declare: terrorism is an inhuman act, a great sin.

12364

CSO: 4605/77

ROUND TABLE TV PROGRAM ON 'ARMENIAN TERRORISM'

Istanbul MARMARA in Armenian 19 Apr 94 p 1

[Text] Last night, Turkish Television broadcast a "Round Table" program as part of a symposium organized in Ankara on international and Armenian terrorism. Kiamran Gurun from the Academy of Turkish History, Dr Hyat Lowry an American professor, Metin Tamkoch from the University of Texas and Kikran Kevorkian, Secretary of the Consultative Assembly of the Armenian Patriarchate of Turkey took part in this debate. The debate was chaired by Prof Tarek Somer, Dean of Ankara University.

The first to speak was Prof Metin Tamkoch who explained the meaning of the word 'terrorist' and its juridic connotations adding that the terrorist should not be considered a political criminal, that his actions are those of the most commonplace criminal. The terrorist causes harm to another out of purely personal reasons.

Hyat Lowry, the American professor, approached the problem from another angle and gave a global picture of the conditions under which the Armenian provocations started. In the United States, it is immigrants mainly Armenians and Greeks, who spread such provocations. These **have been going on** for the last sixty years but the Turks have not responded to them. **The time** has come to reveal the true reality. A great deal has yet to be done though a number of books have been published, soon to be followed by other publications.

Senior Ambassador Kiamran Gurun, who recently published a study on the Armenian Question, said that in order to fight Armenian terrorism, we must first have a thorough knowledge of the subject and the field where the fight is to be waged. Does Armenian terrorism seek blood revenge? But a blood revenge is settled directly between the persons concerned. We understand that the first and second generations who emigrated managed to survive and adapt themselves to the conditions of life abroad. Now a third generation has sprung who seeks vengeance. But a blood vengeance is settled with the wrongdoer himself and not with innocent people. These people of old have died and gone. Would someone kill an innocent person if he were not brainwashed? These terrorists must be taught the truth. And if they do learn it, will they stop the killings?

Kiamran Gurun then added that we must adopt a new attitude towards this matter, depending on the country where the terrorist act has taken place. But first priority must be given to making the truth known. Ottoman Archives must be opened, too. For example, for years Armenians have based their provocations on a telegram attributed to Tala'at Pasha and which has now been proved to be a fake. Ottoman Archives will lay bare everything.

The final speaker was Dikran Kevorkian who said that Armenian terrorism has gravely disturbed the Armenians of Turkey. In our times, international terrorism is a peril hanging over mankind and the Armenian people should heed its religion and have no part in it. In reality, Armenian terrorists act according to the interests of certain circles and the general wish is that an incident should occur involving the Armenians living in Turkey. But there is no such likelihood as the Armenians in Turkey enjoy absolute freedom and are under no pressure, despite what others say. If there are some problems, these are within the bounds of legality and have no ethnic causes. The problems faced by Ahmed, Mehmed, Hagop and Giragos are the same.

At the closure of the "Round Table", Tamkoch expressed the view that terrorists should immediately be brought to justice and punished or returned to their country of origin. The media also has a duty to exercise autocensorship as the terrorist seeks to make sensational news. We must avoid news that give a favorable impression of the terrorist.

The Chairman ended the "Round Table" by expressing the wish that the Ankara Symposium should prove useful to mankind.

The statements made by the 14 local and 19 foreign participants to the Symposium will be published later, in book form.

12364

CSO: 4605/68

DETAILS ON ELECTION OF ARMENIAN DEPUTIES TO ISLAMIC ASSEMBLY

Istanbul MARMARA in Armenian 10 May 84 p 1

[Text] News from abroad: In the parliamentary elections in Iran, the Armenians of Northern and Southern Iran each had four candidates running for the one seat in their region. After the validity of the candidates had been confirmed by the authorities, the electoral fight was declared opened on 31 March. But the day after the vote, we learned that the authorities had refused, at the last minute, to allow three of the eight candidates to participate in the election. These were--Norair Essayan and Seroj Sukiasian from the Northern region, and Mardiros (Malus) Boghosian from the South. According to the daily KEHYAN the commission supervising the elections for the Council of Guardians had rejected the candidacy of Norair Essayan and Seroj Sukiasian on the grounds of complaints made against the Armenian candidates in the Northern region.

Following that event, Armenian organizations concentrated their patronage on two candidates, Vartan Vartanian from Northern region and Ardavazt Paghumian from the Southern region.

We are informed that as a result of the 15 April elections, Ardavazt Paghumian has been elected deputy of the Armenians of Southern Iran by winning 3223 votes out of 5816 cast (the previous deputy had received 2593 votes), while Vartan Vartanian was elected deputy of the Armenians of Northern Iran with 20,628 votes out of 30,902 cast.

The new deputy of the Armenians of Northern Iran, Vartan Vartanian was born in New Jolfa in 1943. After attending primary school in his native town, he went to Tehran, graduating from the Armenian Secondary School Kushesh-Davitian. In 1968 he graduated from Tehran University with a degree in Mechanical Engineering. He has been active in Armenian social life, is a member of "Ararat" organization and of the General Association of Armenian University Graduates.

Ardavazt Paghumian, the new Armenian deputy for Southern Iran, was born in the village of Sangebaran, district of Peria, in 1954. He attended first the Armenian Middle School then the State Secondary School both in New Jolfa. Having completed his military service, he entered the University of Isfahan, graduating with a degree in Economics. While a student, he taught in the Armenian school in New Jolfa.

COUNCIL OF MINISTERS EXAMINES THREE ENERGY PROJECTS

Algiers EL MOUDJAHID in French 3 May 84 p 3

[Text] Algiers (APS)--The Council of Ministers met yesterday, Wednesday 2 May 1984, under the chairmanship of the president of the republic and secretary general of the FLN Party, Chadli Bendjedid, at the headquarters of the Presidency of the Republic.

At the start of its session, the cabinet heard a report by the prime minister on government activities.

Turning then to its agenda, the Council of Ministers examined three dossiers concerned with the energy sector.

The first was concerned with a national rural electrification program.

At the conclusion of its debate on the document in question, the cabinet noted that the average electrification rate should approach 79 percent at the end of 1984 in accordance with the objectives established in the current 5-year plan. In view of the results achieved, that objective will be reached in most of the urban areas.

Ten Governorates To Be 90-Percent Electrified

Electrification activity undertaken as part of the first 5-year plan will be decisive in bringing about a notable increase in the density of the national network for the distribution of electric energy, which already plays a major role in noticeably improving the citizen's social, economic, and cultural living conditions in the cities and rural areas. It was noted that the work completed since 1979 is far more considerable than what was accomplished in the previous decade, chiefly because of the accelerated pace between 1980 and 1984.

For example, more than 10 of the country's governorates will be more than 90 percent electrified by the end of this year. The completion rate in rural electrification work in recent years indicates that the entire territory will be almost totally supplied in 1987-1988 according to the forecasts included in the national rural electrification plan.

Intervening in the debate, the chief of state emphasized the appreciable completion rates, but recommended that all necessary action be taken to bring the

same level of progress to all the governorates by providing them with their own funds for accelerating completion of the expansion underway and maintaining the existing systems.

Calling for rapid action to reduce the imbalances in electrification levels among the various governorates, the president of the republic stressed the need to work to reduce costs by promoting a national industry to manufacture the various components required for completing the systems.

Natural Gas: Increased Local Participation

The second energy dossier examined by the cabinet was concerned with the distribution of gas, which was covered by decisions reached during the meeting by the Council of Ministers on 5 December 1982.

In this connection, the cabinet noted that installation of the distribution network requires heavy and expensive equipment, notably that used for laying pipelines between production centers and consumption centers on the one hand and within the consumption centers on the other.

The cabinet also noted that the effort being made under the current 5-year plan, with a 40-percent penetration rate for natural gas in the industrial sector, has been aimed above all at expanding the distribution network so as to make natural gas available in 30 new urban areas.

Achievement of that objective has required the installation of a new system totaling 2,130 kilometers. The 6,600-kilometer natural gas system currently serves 93 urban areas. For 1984 alone, plans call for laying over 850 kilometers of pipeline to reach 13 new urban areas.

In light of those facts, the Council of Ministers decided that the effort would be continued within the framework of the policy for integrating all investment activities in the national economy and, especially, for greater participation by the local communities at all levels of the work involved.

Power Gas: Conversion of Over 5,000 Vehicles

The third energy dossier discussed by the Council of Ministers was concerned with the introduction of power gas.

Based on the information provided in this dossier, the cabinet decided that implementation of the project will begin this year with the planned conversion of over 5,000 private vehicles and at least an equal number of public transportation vehicles, chiefly urban.

In addition, considering that the widespread use of power gas will make it possible to relieve the strains being placed on other types of fuel, incentive measures are planned for encouraging the use of power gas, which offers many advantages for the consumer, not only financially but also in terms of health, since it is a nonpolluting fuel.

Maintenance: Better Organization, Training, Management

Taking up the next item on its agenda, the Council of Ministers examined a dossier relative to maintenance of the economic, social, and administrative infrastructures. The document repeats in essence the recommendations whose urgent implementation was included in the government's work program for 1984.

Examination by the cabinet made it possible to pick out three main areas of activity necessary for the success of the maintenance plan.

The first consists of better organization, which is to be achieved by implementing a policy for standardization--since standardization is a determining factor in getting control of maintenance--the elimination of certain bottlenecks, the definition of parameters and ratios for improved maintenance, and, lastly, the setting up of mechanisms for the dissemination of technical-economic information.

The second area consists of developing, both qualitatively and quantitatively, the human resources necessary for taking charge of national maintenance activity. This development is envisaged through a program for training and advanced training, the adaptation of existing training structures, and the monitoring of careers to favor experience and technique.

The third area is concerned with the rational management of maintenance and calls for individualizing that function within the enterprises, as is done in the case of their other functions.

The rest of the cabinet session was devoted to listening to reports presented on various topics, particularly foreign trade.

Speaking at the conclusion of the cabinet's work, the chief of state called for more profitable use of the national potential for production and achievement through rigorous implementation of decisions and permanent followup concerning the execution of work in the field.

Referring to the country's overall development effort, the president of the republic emphasized that the industrialization effort undertaken in the country must be directed above all else toward satisfying the needs of the inhabitants and improving their living conditions.

11798

CSO: 4519/171

FRESH FRUIT, VEGETABLES SCARCE, EXPENSIVE

Algiers REVOLUTION AFRICAINE in French No 1053, 27 Apr-3 May 84
pp 19-23

[Article by Yacine Sassi]

[Text] Strictly off-limits to the honest "smigar" [minimum-wage worker] and a real body-blow to moderate-income families is what a trip to the market to buy fresh fruits and vegetables is likely to become if consumer prices for them continue to skyrocket. If they do, the stalls of private growers and vendors at the market will be forbidden ground to any wage-earner who is not involved -- or not yet involved -- in the barter market and the underground economy in general.

The era of double-digit prices (in dinars!) posted over cucumbers, tomatoes, bell-peppers, and even squash just a few days ago deserves a lot more than a quick glance and occasional interest dictated by circumstance or season.

Let's get this straight! Going to the market and going to the stake ought to be diametrically opposite experiences. Doing the marketing, not so long ago, used to be a delightful pastime, a time to savor all the visual, olfactory, and even gustatory pleasures it entailed. These days, it has turned into something altogether different, except for the privileged few who have had no experience with either the "DNCs" [unmarketable scraps] or the culls, but can pick and choose among the "choice and selected" offerings.

"Addi Ouella Khalli!" [Shell out or do without!]

And yet, all our nutritionists would swear to this: there is absolutely no arguing the fact that fruits and vegetables are essential to the human organism. Despite their low energy content (an average of 40 calories per 100 grams) fresh produce and fresh fruit are essential sources of vitamins and minerals (calcium, iron, phosphorus, magnesium, copper, iodine...). It is therefore clear that nobody can do without them, or even safely cut back on present consumption. Deceptive in itself is the Algerian

government's official RYA of 107 kilograms (67 kilos of vegetables and 40 kilos of fruit) per year per person. When you break that down into more comprehensible units, you find that we are not getting even 150 grams of fruit and vegetables at any meal, and that potatoes alone account for 25 percent of that total. For the average worker, simultaneously balancing the budget, the diet, and the contents of the shopping basket verges on the impossible, on the utopian, and on sheer fantasy.

How could it be otherwise when we all know that prices are rising at a staggering rate? From 1969 to 1977, wholesale prices in the produce market rose from 1 to 3.5 [dinar/kilo] for potatoes, artichokes, broad-beans, bell-peppers, and tomatos.

In some of the neighborhood markets in Algiers, broad-beans now cost 6 DA per kilo, green peas 7 DA, bell-peppers and artichokes 9 DA, minuscule tomatos 10 DA, and shriveled oranges 5 DA. At that latter price, an average family of six would be spending an annual total of (107 Kg x 6 people x 5 DA/kilo) 3,210 dinar, or 3 months' paycheck for a worker at the national guaranteed minimum wage (SNMG). Now there's a tidy sum! We would note that price is a vector for resource allocation in the sense that, by reason of the various biases it contains, it will guarantee a living to the farmer, the wholesaler, and the retail vendor at the market stall... but also to a whole breed of rapacious fauna who crowd or rather encrust the stage in the fruit and produce marketplace.

If only the question of prices were the only false note in this "imposing structure!"

Artificial shortages, rigged prices, the lack of quality standardization and grading, the shamefully permissible practice of "deaconing" and water-soaking (spraying with water to perk up greens), fraudulent weighing of a considerable quantity of dirt and stem, prices that fluctuate even within the space of a single day... and, on top of all this, you sometimes have to put up with markedly surly service.

Whatever became of the merchants' centuries-old dictum: "The customer is always right"? In this country, it is recognized -- if at all -- as something out of the age of dinosaurs. These days, we seem to prefer something "slightly" less...conventional. Something along the lines of "Addi ouala khali!"

All this stagnation at the retail sales level (where the private vendor holds sway with 65 percent of the marketed volume, as opposed to 20 percent for the agribusinesses and 15 percent for the collectives) has roots that sink very deep. Before we even attempt to explain it, we must go back to farm production. That makes the list of persons interested (in every sense of the word) in marketing fresh fruits and produce a very long one: the small

farmer, the DAS (socialist farming estate), one or more possible middlemen necessarily well-informed about things on the farm, the pickup and delivery man, the fruit-and-produce coops (COFEL), the Algerian Fruit and Vegetable Office (ENAFLA, formerly OFLA), the farmer markets (Souks El Fellah), the private vendors... Altogether too many people, too many interests, too many languages and too many mindsets... And too many grey areas.

Equally numerous are the voluble forums and orators -- at all levels! Each man blames the other and so on down the line, just in order to draw attention away from his own shortcomings. In the ritual order of battle, the retail vendors are accused of not "playing the game." They buy the fruit and produce, sometimes not even bothering to haggle over the price, safe in the knowledge that they can pass the excess prices along to the consumer, who is clearly in the wrong because he is always at the end of the line. There are times, as happens in Algiers, when there are not enough private vendors. We had 68,000 of them in 1962, but we have only 1,640 today.

There was a time when they voluntarily limited their purchases so as to hold sales down, generate panic, raise their prices and their unit margins so as to rake in the fattest possible profit with the least possible expenditure of effort. Management figures on market earnings range from 7,000 to as high as 20,000 DA.

The consignment merchants sell for cash (no billing) at prohibitive prices by comparison with the officially posted wholesale prices from the central fruits and vegetable cell. Quite often these transactions are consummated outside the wholesale market, which is in violation of the April 1982 ministerial circular setting up some semblance of organization in the area. Never unloaded, this same cargo is sold and bought several times over, of course at a higher price each time. The consignment operators are delighted to deal with the wholesale market in wholly unripe produce, on the very fringes of toxicity, which they then advertise as early-season produce so as to get the very top price. In a highly speculative way, they choose to dabble in the market only at certain seasons, with certain crops and in certain regions. That means that, many times each year, the consignment man has a whole new field of endeavor.

Neither COFEL nor ENALFA, responsible respectively for regulating [the produce market] at the wilaya and national levels, even comes close to accomplishing its mission. They have thus far failed miserably to tap a large enough share of the nation's agricultural production. The way they have carried out their supposedly complementary mandates is by no means beyond reproach. Their performance is largely governed by their avidity for fat profits and their obsession with balancing the books. Already inadequate, their deep-freeze storage capacities are, furthermore, underutilized owing to unforgivable bottlenecks such as a shortage of

fork-lifts. Rather than face a showdown with the consignment dealers on the wholesale markets with shipments of merchandise in large quantities and of superior quality, COFEL and ENALFA agents prefer a "strategic" retreat into sales to government collectives. COFEL and ENALFA operations are guilty of staggering waste, which shows up elsewhere in terms of losses and surcharges. These two agencies, both of them supposedly under the aegis of the Commerce Ministry, also have a hand -- albeit a minor one -- in retail price-hikes and price-fixing and, consequently, on the same effects in wholesale prices, which are their selling-prices. Far less flexible and energetic than the private sector, these two agencies have a dismal record for transport, which assuredly affects the freshness of the produce they offer and its marketability, once delivered.

The impermeable, the inscrutable, and the inconclusive

Contrary to what one might tend to believe, the farmer (especially the state farmer) is a long way from smelling like a rose. He may sometimes elect to do just as he pleases and stuff the production plans up the chimney. Even more serious, he may decide to welsh on his contracts -- meaning to turn down contracts offered him by the public distribution agencies without proffering any reasons for rejecting them. Just as often, the products he does turn over to them for marketing are rated "sub-marginal" in quantity and quality, to quote the boldly objective expression used by one of the officials concerned: a few unscrupulous estates have even gone so far as to sell the same crop twice over. We were even told, by way of example, about Blida willaya, where some estates were in the habit of signing a contract with the regional ENAFILA unit but ... of shipping that same crop to the Blida Communal Multi-service Agriculture cooperative (CAPCS). There are other examples of the same stripe. On occasion, state estates have been known to scrap the production plans (as well as the government forecasts for distribution purposes), in favor of an unannounced decision to grow something else. Come harvest time, they deliberately refrain from stripping the produce of roots, leaves, or even of the earth still clinging to it. The all-time record (thus far) was set when inspectors found 17 kilos of dirt in what was tagged as a 50-kilo sack of potatoes. Produce is neither sized nor sorted. It is not always free of foreign odors or taste.

In the retail system for fruits and vegetables there are also the Souks El Fellah (farmer's markets), where the only farmer in sight is on the sign over the gate. Currently, there is nothing to distinguish them from the Algerian souks except the variety and display of their fruits and vegetables. The latter do not attract big crowds of shoppers except when they offer products in short supply elsewhere. As we repeatedly found, the overall presentation at the fruit and vegetable stands (no prices displayed, poor condition of the merchandise, slack hygienic conditions and woefully inadequate screening of produce delivered) make it very clear that the retail sale of fresh vegetables and fruits at the

DISPARITY BETWEEN OFFICIAL WHOLESALE AND REAL WHOLESALE PRICES

Date: 19 April 1984, at the Boufarik wholesale produce market

Product	Real Whole-sale Prices	Official Whole-sale Prices	DA/kilo Disparity
Fresh artichokes	5.5	7	- 1.5 DA
Carrots	3	2.8	+ 0.2 DA
Oranges	5	3.3	+ 1.7 DA
Tomatoes	18	11	+ 7 DA
Broad-beans	4.5	4	+ 0.5 DA
Green peas	6	6	--
Local potatoes	6.5	3	+ 3.5 DA
Loquats	16	-	16 DA (1)

N.B. In almost every instance, there is a (fairly wide) gap between the going price and the official price at wholesale. In fact, the practically built-in presence of these disparities once again raises the question as to what possible function this wholesale market serves today.

(1) We have assumed here that the disparity is equal to the entire official wholesale price, inasmuch as there is no official wholesale price. It is true that very underripe loquats offered for sale as of this date are not fit for human consumption. Yet ... they do find some takers, despite their very high acidity. Why should this be?

SEFs has long been relegated to the status of a very minor sideline. While it is true that household appliances, crockery, pots and pans, and a lot of other products carry a far higher markup, the fact remains that the SEFs must concentrate mainly on fruits and vegetables so as to provide an adequate choice and supply of these products, or else get out of the produce business altogether.

And so it is that we find that all operators, public or private, involved in marketing fruits and vegetables have something to be ashamed of. In other words, the problem is complicated in the extreme. The data-spouters, the data-dazed, and the data-spinner seem to have made a pact with each other to share dominion over the whole realm of fruit and produce marketing. And yet there has been no shortage of statutes, measures, organizations, or re-organizations since 1962. And for all of them, the end result is the same: abject failure.

Band-Aid Solutions

Prior to independence, Algerian agriculture was consigned to "satellite" status vis-a-vis France because of crippling regulations on farmers' crop selections and the elaborate subsidy mechanisms for exports to France. The marketing systems were stifled by the iron-clad laws of the race for profits. After 1962, the socialist sector was to have a partner [i.e., the private sector] in both production and marketing. Subsequently, the government proceeded to establish the Algerian National Marketing Office (ONACO) in 1962, and the National Agrarian Reform Office (ONRA) in 1963, giving the latter as its mission assuring supplies, equipment, credit, and marketing services for all worker-managed estates. Things went well for the first year, but, once the first fine careless rapture of setting things to right had waned, the policy of all-out centralization that took its place gave rise to all sorts of bottlenecks in the system (delays and errors in approving loans, and airtight insulation from market forces for the SES). Then, in 1965, the government decided to reorganize the whole ambience on the worker-managed estates around the principle of decentralization.

In 1966, the National Farming and Marketing cooperatives (UNCAC) were created expressly to pick up ONRA's prerogatives in the area of marketing. All output from the public sector was, without exception, to be sold to the public sector. In 1964, the 39 Regional Regional Workers' Farm Cooperatives (CORAs) were ordered to handle processing of all farm products for export. Band-Aid solutions were adopted for the problems uncovered in the sector's marketing system. Until 1969, the date on which the National Fruit and vegetable Office (OFLA) was established "to guarantee producers a fair return ... promote increases in export sales, and, at the domestic market level, to insure regular supplies to all regions of the country," The regional distribution cooperatives (COREs), which supply the the domestic market, survived, while the CORAs were disbanded and attached to the OFLA. The first notable innovation was a system of guaranteed prices, based on a single fund for compensation so as to assure the growers of a cash-flow cushion to carry them over lean years between the fat ones. The drawbacks inherent in each of the marketing patterns approved (consignment or flat price), piled on top of wayward weather and other vicissitudes on the farm and the lack of public and even insider mastery of the national market were to lead very swiftly to wretched prices to farmers and to consumer privation due to hikes in retail prices.

Then came 1974, and the erection of the notorious pyramidal structure known as CAPCS-COFEL-OPLA, established by ordinance 74-89, which provided that each of these three agencies would take over supplies and regulate the flows of fruits and vegetables at the commune, wilaya, and national levels, respectively. Once exposed to the cold waters of reality, this magnificent theoretical construct proved more holey than righteous. The gap between prices paid the grower and prices paid by the consumer widened to an abyss.

A very large share of the product of the land was thus siphoned off into non-productive areas. The inadequacy of storage and conditioning infrastructures, the lack of coordination among the three State agencies involved, the unconscionable delays in moving even highly perishable produce, the huge amount of waste due to the over-ripeness of produce reaching the consumer -- all were so many sources of complaints and apples of discord that warmed the hearts of a certain class of dealers even as it renewed discouragement and alienation

"You're All Free!"

In May 1980, against a global background of economic recovery and reorganization, the Central Committee sat down to deal with the farm problem.

Very quickly, a mere 2 months after the CC meeting, a ministerial circular was diligently put together to explain in detail the new policy of complete de-regulation of fruit and produce marketing. Complete freedom: freedom to choose one's trading partner, to set one's own prices, and to choose one's market-place. The CAPCS, too, was relieved of its marketing responsibilities, with the emphasis shifted far more to its support role.

With a little help from good crops, prices dropped during the 1981-1982 season. They were still affordable in 1982-1983. But when 1983-1984 rolled around... things were to change -- and not for the better. The dizzying rise in prices and the absence of concerted ability to control them clearly indicated that there is still a lot of work to be done and that the system is still a long way from stable. Achieving greater flexibility in distribution and the elimination of a few constraints felt earlier in the area of packaging, transport, and acceptance are only partial benefits and not ends in themselves.

Behind the High-Speed Demography Train

The June 1982 interministerial circular, the first text covering marketing of fruits and vegetables was put together after broad consultation with all parties concerned, and designed to round off all the sharp corners by laying the foundation for a thoughtful program and by taking a few practical measures having to do with the establishment and management of wholesale markets (the only places in which wholesale transactions could take place). Regulation of the produce market, the idea of the pickup and delivery agent (drive out the agent and he'll be back at the galop!), the imposition of contractual relations between the socialist-sector farmers and the State distribution agencies, the creation of an information clearing-house on production and marketing of fruits and vegetables, and organizing retail distribution are the other topics touched upon. In fact, the April 1982 circular is at once a working document and a platform for further consideration.

PLAN FULFILMENT RATE FOR COFEL-ALGIERS WHOLESALE PURCHASING (tons)

Products	Quantities planned 31/3/84	Quantities received as of 31.3.84	Ful'ilment Rate
Potatoes	4,535	1,766	39 %
Tomatoes	2,298	986	43 %
Bell-peppers	372	35	9 %
Summer squash	632	240	38 %
Cucumbers	809	74	9 %
Eggplant	45	122	271 %
Carrots	409	212	52 %
Turnips	1,420	973	69 %
Salad greens	722	661	92 %
Cauliflower	1,601	974	61 %
Artichokes	48	21	44 %
Cardoons	541	432	80 %
Green onions	44	48	109 %

Source: COFEL-Algiers

N.B. In the report accompanying and commenting on this table, the COFEL-Algiers directorate expresses surprise at the dimensions and variety of the disparities among the different achievement rates: could they be due to a tendency on the part of the production units to concentrate on easy crops (late-season eggplant, salad greens, cardoons, turnips)? Or is part of their crop finding its way to other destinations?

If we were called upon to contribute a few factors for analysis relating to the question of marketing fruits and vegetables, we should say that the first thing to do would be to come up with clear-cut answers to a number of key questions. What goals should be set for private-sector participation at the wholesale and retail levels? What share of the market (by variety, season, region) should be earmarked for it? How important would its role be? Under what conditions? Clearly, these questions in no way rule out all the other questions that need to be put to the people responsible for agriculture. This must be done, however, without going back and again perpetuating all the confusion between the proper functions of production and marketing. Defining and clarifying the concept of the pickup and delivery agent, total precision with respect to relations between public entities, putting some teeth into the rules governing wholesale market management, drafting a more carefully thought-out model contract spelling out mutual obligations between producers and the public distribution agencies, more information in texts, including those dealing with profit margins and wholesale and retail pricing structures, standards for quality, channels for information,... these are, at most, only ancillary, technical, and above all interdependent aspects in a far more penetrating debate. Aside from a few happy exceptions like the wholesale trade in Algiers willaya, are we to go on letting the private sector take over a commercial sector already heavily handicapped by production that is laboring and gasping in its efforts to keep up with the high-speed-demography train, the rising-income express, and consumption-model-creep special?

6182

CSO 4519/167

KILLING OF MEMBER OF PEOPLES ASSEMBLY DETAILED

London AL-MAJALLAH in Arabic No 221, 5-11 May 84 pp 13-14

[Article by Khalid Jabr and Sayyid 'Abd-al-Qadir: "The Death of an Egyptian Deputy: Was He Killed by Politics or Hashish?"]

[Text] The incident happened on 10 April 1984. The sun, which had not set yet, was casting ruddy shadows over the coastal city, as if it were issuing a call for tranquility in the crowded town of Port Said. The clock showed about 7:30 when Sayyid Jazar climbed four floors in the building where 'Abd-al-Mun'im 'Uthman, a member of the Egyptian parliament, resided. He knocked on the door, and the two of them had an heated argument that ended when Jazar pulled a pocket knife from his pocket and began to stab the member of parliament with it. He stabbed him three times, until the man had become a quiet corpse. A great uproar arose in Egypt after this crime, and Sayyid Jazar's name was repeated by every tongue. It was he who killed a deputy in the Peoples Assembly who had been a member of the ruling National Party and had then joined the New Wafd Party. Did this political change have anything to do with the crime?

Questions revolved like windmills in the minds of many. People asked maliciously what the relationship of the killer to the victim was.

The former was a suspicious person known to take and deal in drugs, while the latter was a businessman working in politics who had become a member of the Peoples Assembly.

These questions remain: Who was the victim? Who was the killer? Why was the crime committed?

On 2 January 1984, the editor-in-chief of AKHBAR AL-YAWM wrote about a Peoples Assembly member from a coastal city who had been caught red-handed while taking drugs in a hideway. Because the officer insisted on doing his duty to the end, he refused to let the deputy off. Although no official report on the incident was written, the deputy was the object of intense criticism by the National Democratic Party. According to the account related by the editor-in-chief of AKHBAR AL-YAWM, he was informed that the nominations list for the elections would not contain his name. When

the deputy despaired of reforming his position and correcting the matter, he decided to rent a bus, which he then filled with his relatives and friends. With it, he went to the home of Fu'ad Siraj al-Din, the head of the New Wafd Party, where he announced his support for the latter. The party allowed the deputy to join. When the article in question was published, it aroused many reactions. Everyone asked who this deputy was who took narcotics. Why had his name not been announced until now. However, these questions subsided when the deputy sent a letter to Professor Jalal-al-Din al-Hamamasi, of the newspaper AL-AKHBAR. In the letter, he said that his name was 'Abd-al-Mun'im 'Uthman, and that he was a deputy from the district of al-Manakh in the governorate of Port Said. He denied that he had been caught red-handed while taking narcotics, and he challenged anyone to prove that the incident had occurred.

He said he was ready to confront all the officials and accept punishment, if the charge were true.

No officials responded to this challenge. The Speaker of the Peoples Assembly, the National Party, the Ministry of the Interior, and the government all kept quiet, as did the deputy himself, who did not explain in his letter why any person or party would fabricate such a charge. Neither did he clarify whether he had joined the New Wafd Party out of conviction or because the National Party had removed him from its electoral list. Afterwards, this story aroused no further interest from anyone, until 'Abd-al-Mun'im 'Uthman was discovered dead in his apartment on Tuesday, 10 April, 47 days before the new elections for the Peoples Assembly.

Who Was the Victim?

"Do you want to know about the man (the victim)?" said an old citizen from Port Said. "You have to return to the beginning." The account began with numerous facts.

The old man spoke about RNS [Royal Navy Station], the camps used by the English army during its occupation of Egypt, as well as about trade, trucks, hashish, and joining the ruling party. He spoke about the elections, the police, and the switch to the opposition. And he spoke about the murder of 'Abd-al-Mun'im 'Uthman. We asked him for clarification, since we wanted to get more details, and he said, "His name was 'Abd-al-Mun'im 'Uthman, and he was 56 years old. He was born into a modest family in Port Said.

"He was intelligent. Therefore, he became the wealthiest of us all," said his elder brother Fathi (58 years of age). "After that, he opened a couple of shipping offices in Cairo, Alexandria, Suez, and al-Isma'iliyah."

In 1976, he returned to Port Said, which he had left because of the evacuation. He tried to enter the Peoples Assembly, since he wanted the facilitations someone in that office can acquire, according to the old man. Because he was running for the first time, al-Hajj 'Uthman lost. When a republican decision was issued calling the assembly to the elections of 1979, al-Hajj 'Uthman nominated himself once again. Many people helped him, including Sayyid Jazar, the murderer.

That time, 'Uthman entered the Peoples Assembly as an independent deputy. He was able to defeat the candidate of the National Party. However, as soon as he entered the assembly, he announced that he was joining the National Party, which welcomed a deputy who had achieved an unprecedented majority by winning all 64 of the electoral committees in his district.

Is this enough information about the victim? Many say it is not. They say that this information is almost official. The important thing is how those who worked closely with him saw him as both a person and a human being. This question was posed to more than one person, and these responses were given without comment:

"May God have mercy on him. He used to give assistance every month to more than 200 poor families."

"He was a generous man who spent unreservedly."

"He had a temper. Usually, he would sit with us at the coffee shop called "Rukn al-Shishah". God have mercy on him."

"During the elections, al-Hajj 'Uthman used to buy each vote for 100 pounds."

"His fault was that he was in contact with some suspicious persons."

"The hashish sessions include both the highest and lowest sectors. May God deliver us from their evil."

"I am not concerned by what was published about my friend. The people will learn later on that what was said was not true."

Who Was the Murderer?

The official documents contain the following:

Name: Sayyid Jazar. His surname is "Jazar".

Date of birth: 14/6/1955

Previous convictions: He was charged in 1976 in a case involving damage to public facilities. He was fined 20 pounds and spent a month in prison. In 1977, he was sentenced to 6 months in jail on a theft charge. In 1980, he was sentenced to 3 years in prison and fined 3000 pounds for trafficking in narcotics.

Jazar was born into a good family, or so some say. He has two brothers, one of whom works as a doctor, while the other works as a lawyer. Both of them have good reputations.

No one knows why the youngest brother departed from the path of his brethren. He began to lose the way of righteousness when he assaulted a monitor in the general secondary school examination. He left his studies for deviant behavior, and he was tried for several crimes.

In this period, Jazar got to know al-Hajj 'Uthman. They used to sit together in special sessions at the coffee shop called "Rukn al-Shishah".

After that, Jazar played the role of al-Hajj 'Uthman's trusted assistant in the latter's electoral campaign. On the day of 'Uthman's success, Jazar should have received a portion of the triumph he had helped to create.

However, he was arrested and sentenced to 3 years at hard labor. With regard to this case, Jazar's elder brother said that his brother the murderer was charged in place of al-Hajj 'Uthman, who should have been tried for the deed.

Note: the file on case number 8081-Manakh felonies, which has to do with Sayyid Jazar, states that he was caught red-handed while in possession of 45 grams of hashish. (Of course, this is a small quantity.) He was distributing the hashish in front of a coffee house. (Some believe that it would make no sense for a member of the Peoples Assembly who wanted to deal in hashish to carry such a small quantity.)

The killer was tall. His skin was white. His eyes were green. He wore a black sweater, jeans, and a blue shirt. His features were severe, while his voice was crude. He spoke in a rough manner, forming his words unnaturally. This is said to be a reaction to his addiction to narcotics and narcotic pills.

Jazar said: "I do not regret what I did. By doing it, I wanted to say something to the society that oppressed me and the circumstances that denied me everything, as well as to the people who rejected me and turned me away, and did not provide me with a dignified life. I was one of those who made him" -- the murderer was referring to 'Abd-al-Mun'im 'Uthman -- "and I used to sit with him at the coffee shop. But now he is too good for me. He was a pharaoh who acted tyrannically, became arrogant, and so died. As for me, I killed him because he had humiliated me and despised me."

[Question] How long had he known the victim?

[Answer] He responded firmly and quietly: "I had known him for 7 or 8 years. He was taking part in the elections and needed backers, so we stood by him. When I was in prison, he was always sympathetic to me and my family, but when I got out and asked him for work, he refused. I asked him for money and he refused. I was emphatic in my request and he was insistent in his rejection, so I killed him."

[Question] How did you kill him?

[Answer] I saw the deputy in his office and asked him for 500 pounds, so I could go abroad and work. However, he refused me and said, "Stay away from me for a while. I do not want any suspicion."

I was incensed. How could he say this to me? I went back to him an hour later and they told me he was at home. It was 7:30 in the evening. I went up to his apartment, which was on the fourth floor of a building overlooking the sea. He opened the door. I told him, "I want you to give me a job somewhere, even in the gas station you own. The conversation became intense.

His voice rose, and he tried to push me out. He cursed me, and I lost all sense of myself. I took the pocket knife from my pocket and attacked him. He went into his apartment to look for something with which to strike me. I went up to him, grabbed him from behind, and finished stabbing him. He bit me in the finger, but I finished the operation and ran down the stairs.

"I went home and changed my clothes. I went to al-Manzilah lake and threw my old clothes into it. Then I went to one of the exits from Port Said. On the way, I remembered that the pocket knife was still in my pocket. I threw it behind the wall of the secondary school and finished my trip. There I found an ambush waiting for me."

The ambush at al-Raswah exit in Port Said, which was under the command of Captain Hamdi 'Uthman, was waiting for the killer. He was recognized by means of witnesses who described him and told the police division that they had seen him running, with the pocket knife in his hand dripping blood. This ambush was one of several located at all the exits from the city. At each exit, a customs unit searched the automobiles and citizens leaving the city.

The killer, al-Sayyid Jazar, gave a complete confession in front of Counselor Qasim Hasanayn, the first public prosecutor of the Suez Canal region, Counselor Muhammad Tawfiq, the public prosecutor of the district attorney's offices in Port Said, and 'Abudullah 'Asr, the head of the district attorney's office in Port Said. The confession was checked against the evidence. The incident was re-enacted at the scene of the crime, and all finger-prints were taken. Even the imprint made by the victim's teeth on the killer's finger was taken, so that the investigators could be sure he had no partners in the crime.

The district attorney's office charged the killer with the willful, premeditated murder of a member of the Peoples Assembly, 'Abd-al-Mun'im 'Uthman. The district attorney announced that the killer had had no partners in the crime, and that financial disputes alone had been behind it. He said there was no reason for attributing a political dimension to the crime.

12224

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ECONOMIST DISCUSSES EXPORT DEVELOPMENT STRATEGY

Cairo AL-IQTISAD WAL-MUHASABAH in Arabic No 436, Apr 84 pp 4-11

[Article by Prof Mahmud Shakir: "The Egyptian Financial Management Society: The Symposium on Export Development and Its Effect on the Egyptian Economy"]

[Text] Foreword

At the present time, economic authorities are greatly concerned with the savings of Egyptians working abroad. This concern may be attributed to the distinctive features of these savings. They have become great in size for a developing country suffering from a scarcity of foreign currency, and they are expensive for the domestic economy, which in exchange for these savings loses the productivity of the workers involved, after having defrayed the costs of educating and training them. On top of that there is the effect of these savings on growing buying power and increased demand for consumer goods. The third of these features is that they are temporary revenues which are contingent on political and economic developments in the Middle East region. The fourth feature is that they represent one of two main resources at the present time, and the situation requires that the benefit the nation derives from them, in addition to revenues from petroleum, be increased, through the full mobilization of both in the service of economic development and the development of the structure of foreign commerce and the financing of projects to produce export commodities and commodities to replace imports, so that we can restore equilibrium to the balance of payments and achieve a suitable amount of self-sufficiency and reliance on permanent sources of foreign currency, such as commodity exports and tourist resources, before these two major resources decline. The fifth of these features is that these savings are a resource which it is hard to obtain through legitimate banking channels, since the major portion of them are still leaking out into the hands of middlemen who do not manage them well.

The government has since the mid-sixties been trying by various means to attract these resources into legitimate channels. In 1965 it compelled Egyptians working abroad to remit 25 percent of their incomes, if they traveled abroad alone (bachelors or married men), 10 percent in the case of married men who accompanied their families, and 50 percent in the case of people in liberal professions. In 1968, a number of easy conditions were stipulated

and an additional 25 percent was granted to the official exchange rate for the foreign currency remitted to Egypt by Egyptians working abroad; this was raised to 50 percent in May 1973. Then the parallel market for foreign currency was established in 1973; there, transactions took place at the encouragement rates, to attract people working abroad to relinquish their savings to the accredited banks. These encouragement rates consisted of the official exchange rates plus an additional 50 percent for purchases and 55 percent for sales. In February 1976 the additional amount was amended to 65 and 70 percent, and in May 1976 it became 74 and 79 percent, respectively.

In the context of the economic liberalization policy, Law 97 for 1976 was issued, permitting individuals to own foreign currency without being questioned about its source. As a result of that, foreign currency deposits in Egyptian banks grew, rather than their being invested abroad. In addition to that, the system of imports without the transfer of currency was established, to guide part of the remittances of Egyptians working abroad into the financing of some of our necessary consumer commodity and intermediate and productive commodity imports, at agreed upon exchange rates.

In the face of the increase in the supply of cash, which fed local demand at rates in excess of the rates of real growth of gross domestic product, demand for imports, especially imports without the transfer of currency, increased. Also, in the face of the decline in the interest rates on the Egyptian pound and their failure to keep abreast of the degree of weakness in its buying power, individuals proceeded to prefer to own foreign currency as an instrument of savings or a repository of worth and to keep these deposits in Egyptian banks, which were paying high international interest rates for them. Thus the demand for foreign currency in the free market for imports without the transfer of currency and for savings increased and consequently the exchange rates outside the units of the banking system rose and diverged from the official rates.

Since 1979 the government has been trying to reduce imports without the transfer of currency in order to limit demand for foreign currency and bring the exchange rate outside the banking system close to the official rate, to preserve the volume of the amounts people working abroad and foreign tourists relinquish to Egyptian banks, and also to preserve the stability of local prices. The most prominent of these attempts was the issuance of the minister of economy's two Decrees 600 and 782 for 1979 to compel people importing through the free market to exchange free currency through public sector commercial banks at a rate that was at least equal to all the customs duties and taxes which were owed the Customs Department. In view of the problems which arose at the same time as the application of this decree, and the point that a large portion of imports without the transfer of currency took the form of foodstuffs and intermediary and productive goods exempted from customs or subject to low customs duties, this was replaced by Decree 15 for 1980, which compelled importers to deposit a specific proportion of the value of their imports (25 percent in the case of Group A commodities, 40 percent for Group B commodities, and 100 percent for Group C commodities) with the Central Bank in hard currency, for a period of at least 1 month without interest.

In view of the intensification of demand for imports, this decree led to a rise rather than a drop in the free exchange rate, in addition to the other increasing pressures exerted by individual receptivity to saving in foreign currency. Therefore, some restrictions were placed on deposits in foreign currencies, and Decree 243 for 1981 was issued, giving importers an opportunity to pay the 25 and 40 percent referred to above in local currency in order to limit demand for foreign currency in the free market. This experience established the banks' inability to provide the foreign currency to match these percentages and these decrees were therefore abrogated by Decree 29 for 1982, which compelled importers to deposit a cash guarantee in hard currencies with the Central Bank for a period of at least a month without interest, at a rate of 25 percent of the value of imports for the first commodity group, 40 percent for the second group, 75 percent for the third group and 100 percent for the fourth group. In spite of these measures, and the import guidance committees' reduction in the volume of imports without the transfer of currency at the present time relative to past years, the free exchange rate kept continuing to rise, until the price of the dollar came to about 108 piasters in April 1983, or 28.5 percent above the banks' exchange rate, which rose from 70 to 84 piasters per American dollar in the early part of August 1981.

It is worth our while to wonder about an objective analysis of all these measures the government has taken to stabilize the free rate and attract the remittances of people working abroad to legitimate banking channels. In reality, the expectation of a continued rise in the free rate after the summer of 1983 and the return of workers to the host countries, as well as the drop in the amounts these workers have relinquished to the banks, prove the ineffectiveness of the policies followed and indicate that the problem will continue to wait for sound radical solutions.

This study will try, in seven sections, to present this problem, analyze it and arrive at suitable recommendations and solutions for remedying it. The first will measure the volume of real savings of Egyptians working abroad, the second will evaluate and analyze the sums given up to accredited banks, the third will cover the developments of individual deposits in foreign currencies with banks and the extent to which the domestic economy has benefited from them, the fourth will evaluate remittances in kind and their development and analyze their negative and positive effects, the fifth will evaluate Egyptian savings which are directed toward investment abroad, their development and the reasons for it, the sixth will measure the economic and social cost of the departure of Egyptian labor abroad, and the seventh and last will cover recommendations and policies which are required to strengthen the national benefit from the savings of people working abroad.

It is of the utmost importance that we point at the beginning to the great difficulties we came up against while preparing the data required on this subject, which are no secret to researchers into and students of the Egyptian economy. There are various estimates relative to the number of Egyptians working abroad, and there is absolutely no data regarding their wage level or their true savings rate, which would require a field study using the technique of a statistical sample. In spite of that, we have tried to reconcile the various estimates and seek the aid of the studies made in

other authorities or countries and be most careful to be moderate and not go to extremes in estimates, especially as regards those made by theorizing, in order to guarantee the soundness of the study and convince the reader of it.

Section One: The Magnitude of the Real Savings of Egyptians Working abroad

The reasons which prompted an estimate of the magnitude of the real savings of Egyptians working abroad are that it is difficult to tabulate them through official economic and monetary statistics. This estimate assumes importance in helping to pass judgment on existing policies and evaluate the extent to which the domestic economy has benefitted from these savings. It is worthwhile to start with an analysis of the actual nature of the conditions of the free market, to impart greater clarity to the study of these savings and the various aspects of their disbursement.

Like any market, the free market (or, as some people call it, the black market, out of their assumption that the prices that prevail in it are monopoly prices, not exchange rates that strike an equilibrium between supply and demand) has a supply side and a demand side. On the supply side, the market has available a number of sources, the most important of which are:

1. The remittances of Egyptians working abroad less the sums relinquished to accredited banks in Egypt, since these sums enter into the scope of the corpus of the foreign currency of the commercial banks, not the scope of the free market. These remittances represent a large percentage of the volume of the real savings of Egyptians working abroad, since it is most likely that the propensity to remit is very great.

The propensity to remit is influenced by three factors:

The length of the worker's period of residence abroad.

The nature of the visa he obtains.

The number of dependents with him.

Since the bulk of the Egyptians working abroad are working in the countries of the Middle East, in which the Egyptians' residence, and their visas, are temporary in nature (and in addition they lack the desire to bring their children there, because of the great difference in systems of education, culture, traditions and climate), it is probable that a large percentage of the savings come to Egypt, to be sold on the free market, and only a limited percentage of the savings are retained abroad, as a reserve for emergency circumstances abroad, for the use of Egyptians who have prepared themselves for permanent residence to work abroad, who are few, or to buy goods they take with them when returning home.

2. Sales by Arab and foreign tourists in the free market, apart from what the tourists exchange in banks. The numbers of Arab tourists increased after the October war, then declined following the peace agreement with Israel. At the same time, the number of foreign tourists increased. The lack of accurate information on this source makes it most difficult to evaluate its

actual volume, although we think it likely that it was small in the early years, up to 1979, when the free price of the dollar was close to the encouragement price at that time, and the difference did not represent a strong inducement for tourists to exchange what they had in the free market. It is also probable that this source was small in 1982, since the authorities compelled tourists to exchange the equivalent of US \$150 in local currency and issued a decree to hotels to collect charges for rooms in hard currencies. As for 1980 and 1981, some statistics state that the average tourist spending per night declined to \$70.80 in 1980 and \$38.20 in 1981, as compared with \$101.50 in 1977, confirming that tourists prefer to deal with the free market because of the growing difference between the free and official exchange rates. Assuming that the rate the tourist spends per night is constant relative to 1977, one can estimate the tourists' total sales in the free market at about \$619.7 million in 1981, since the total number of tourist nights came to 9,805,700.

3. The sale of a portion of the receipts from some exports on the free market, since at the present time the government permits exporters of non-traditional goods to dispose of a specific percentage of the receipts from their exports in order to encourage them. On top of that, studies indicate that some exporters, in the event the official exchange rate is estimated at above its actual value, deliberately hide a portion of their receipts from exports by speculating in the value of invoices, in order to sell them at higher exchange rates on the free market. It is most likely that this source does not play a tangible role in the free market, since the value of commodity exports in general and non-traditional exports in particular is limited, and in addition is trending downward.

4. The net deficit in individuals' foreign currency deposits in the banks in Egypt, since individuals sell part of their deposits on the free market motivated by the need for local currency or benefitting from the prevailing free exchange rate. This source is to be considered of no value, since the deposits of individuals in foreign currencies up to now have been constantly increasing year by year, which indicates that the volume of new deposits exceeds the volume of withdrawals. In addition, these deposits, with the net increases they realize, constitute an element of demand in the free market, as will be stated later, and in their totality they have not yet happened to constitute an element of supply on the free market.

These are the four important sources of supply for the free market, feeding the demand side, which is embodied in a number of elements, most important of which are:

1. Imports without the transfer of currency.
2. Net increases in the deposits of individuals in foreign currencies in banks operating in Egypt.
3. The financing of the export of capital directed toward investment abroad.
4. The financing of imports of gold and other precious metals, and contraband such as drugs and narcotics. It is most likely that there was

substantial growth in the circulation and use of these contraband items during the seventies, and it appears that the authorities have recently been able to limit and restrict this activity. With respect to precious metals, these might come for the most part with Egyptians working abroad themselves, who prefer to retain part of their savings in the form of gold.

5. The financing of remittances of distributed profits of foreign and joint projects which have no foreign currency incomes.

6. Foreign currency purchases by Egyptian tourists to be spent on their trips abroad, which generally are for treatment or the pilgrimage to the sacred house of God, since the cash allowances the government offers them are not adequate for this purpose.

Following a review of the scope of the free market, we believe that the difficulty of collecting the necessary data on some elements of supply and demand, and the simplification which is not resolved by the study make it necessary to remove the second, third and fourth sources from the supply side, in exchange for the three final elements on the demand side.

In addition, it is possible to define the different important aspects of the use of savings of Egyptians working abroad as follows:

1. The amounts relinquished to the accredited banks' foreign currency.
2. The net increase in the foreign currency deposits of individuals in banks operating in Egypt.
3. Imports without the transfer of currency.
4. The value of the commodities in the possession of passengers.
- [5.] The capital oriented toward investment abroad directly, not through Egyptian banks.

In view of the difficulty of estimating the last category of disbursements, on top of the danger that it might increase, because it works to reduce the domestic economy's use of this income, the situation requires that one begin by estimating the savings of Egyptians working abroad, then become informed of the four initial categories of disbursements; consequently, ultimately, it will be easy to arrive at estimates of the money that is directed toward investment abroad.

It is well known that in order to ascertain the magnitude of these savings, it is necessary to ascertain three important elements:

- A. The number of Egyptians abroad.
- B. The average wage or income of Egyptians abroad.
- C. The propensity of Egyptians working abroad to save.

The number of Egyptians abroad was estimated at 500,000 in 1974, 600,000 in 1976, and 875,000 in 1980, for an annual growth rate of 9.9 percent. It is expected that that will rise to 1,194,000 in 1985, for an annual growth rate of 6.4 percent.

It is worth pointing out that the study that Hansen and Samir Radwan prepared on labor opportunities and equity in the distribution of national income in Egypt concluded that estimates of Egyptians working abroad in 1980 lying between half a million and a million are to be considered acceptable and appropriate.

As regards the average wage, that was estimated by considering that the average wage in Saudi Arabia and Iraq, given different weights according to the circumstances of each period, are the average wage of the Egyptian worker abroad, based on the notion that emigrant Egyptian labor is concentrated in the countries of the Middle East and that these countries are broken down into rich countries which offer high wages, such as Saudi Arabia, and ordinary countries which offer moderate wages, such as Iraq.

These estimates show that the average wage came to 1,600 pounds (calculated on the basis of 70 piasters to the dollar) in 1974, rising to 5,244 pounds in 1978, for an average rate of increase of 35 percent a year. This increase may be attributed to the rise in oil prices during this period, the increase of economic activity in the host countries, and a perceptible growth in the demand for emigrant labor. Then the average wage rose to about 6,655 pounds in 1982, for a rate of increase of 6 percent on the average, as a result of the relative stability in oil prices and the economic activity in these countries and the tendency to bring in a large amount of yellow labor from the Asian countries. It is expected that this rate will improve slightly, to about 7 percent a year, in the next 3 years, so that the average wage will come to 8,145 pounds in 1980, which is in keeping with anticipated trends in the labor market, where demand for technical specialists and skilled labor is increasing.

From these two factors, the number and average wage, it was possible to calculate the magnitude of the incomes of Egyptians working abroad; this was estimated at about 800 million pounds in 1974, rising to 5.66 billion pounds in 1981, for an average growth rate of 32 percent a year. It is expected that that will rise to 9,725,000,000 pounds in 1985, for a growth rate of 15 percent a year on the average.

As regards the third factor, which is the propensity to save, the results of field studies in similar countries were applied; these showed that the propensity to save of workers in the Middle East from Bangladesh was about 52 percent and that of unskilled workers in the Middle East from Pakistan was about 60 percent. Therefore, it was estimated that the propensity of the Egyptians working abroad was about 56 percent, that is, the average of these two percentages. When some Egyptians working abroad were asked, they themselves confirmed that what they deducted from their incomes abroad as savings came to more than half.

On the basis of these three factors, it was possible to arrive at estimates of the magnitude of the real savings of the Egyptians working abroad and consequently the magnitude of their spending, considering that the difference between income and savings.

The volume of spending outside the country rose from 352 million pounds in 1974 to 2,491,000,000 pounds in 1981, a rate of increase of 32 percent a year on the average. It is expected that it will reach 4,279,000,000 pounds in 1985, a rate of increase of 15 percent a year on the average.

Thus the volume of real savings of Egyptians working abroad, rising from 448 million pounds in 1974 to 3,169,000,000 pounds in 1981, was estimated to grow at an annual rate of 32 percent. It is expected that it will reach 5,446,000,000 pounds in 1985, an annual growth rate of 15 percent. These trends require that one work to create sound ways and policies to draw this resource into the legitimate banking channels in full, rather than having the waste and abandonment of it produce negative effects on the domestic economy.

In order to analyze the different aspects of the disbursement of these savings, the remittances of Egyptians working abroad were estimated. These include the sums relinquished to the corpus of the banks, the net increase in deposits, imports without the transfer of currency, and the value of goods in the company of passengers. The total of these transfers came to 255 million pounds in 1974 and 457.1 million pounds in 1975, then started to rise until they reached 2,856,400,000 pounds in 1980, a rate of increase of 44 percent a year on the average; they then declined to 2,504,600,000 pounds in 1981, at a rate of 12 percent.

These estimates reveal that the economic liberalization policy, the grant of permission to banks to accept deposits in foreign currencies from individuals without asking about their source and the establishment of the system of imports without the transfer of currency helped the growth of these transfers, until they came to represent about 89 percent of the real savings of Egyptians working abroad in 1980 as compared with 57 percent in 1974 and 31 percent in 1979 in similar countries. As a result of the political and economic developments witnessed in 1981, this rate dropped to just 79 percent. A detailed analysis of these transfers will appear in the three following sections.

The difference between savings and remittances represents the volume of capital directed toward direct investment abroad. That increased from 193 million pounds in 1974 to 577 million pounds in 1977, then declined to 25 million pounds in 1980, then proceeded to increase in 1981, totalling 664 million pounds. The total of this money in the 1974-1981 period is estimated at about 2,778,000,000 pounds, or the equivalent of about US \$3,969,000,000 (estimated on the basis of 70 piasters to the dollar). This either came into Egypt then went out in the form of capital smuggling, or was directly invested by Egyptians working abroad. As far as this money goes, the different ways in which it was invested are not important; what is important, rather, is the conclusion that the Egyptian economy was deprived of the use of these resources.

Section Six: The Economic and Social Cost of the Departure of Egyptian Labor

As we proceed to study the savings of Egyptians working abroad, the situation requires that we address ourselves to a discussion of the economic and social costs of the migration of Egyptian labor, so that it will be possible to come up with a general evaluation of it and the extent to which it is possible to increase the net return from it. This return can be increased by developing these savings and increasing the benefit the domestic economy derives from them, which is the subject of the other parts of the study, and also by seeking to reduce costs and reduce the negative effects of labor migration, which is what we will try to describe in this section.

One can enumerate the economic and social costs of labor migration in the manner stated below, through observation and studies that have been carried out on similar experiences:

1. The domestic economy's deprivation of the productivity of the emigrant labor.
2. The costs of educating and training this labor.
3. The shortage and high wages of trained manpower in Egypt, which affect the costs of production.
4. The orientation of most savings toward land and real property speculation, which leads to a rise in their prices and consequently a rise in the rental value of housing units.
5. The increase in the buying power and consumption of families of people working abroad.
6. The transfer of new consumption patterns to the other members of the public.
7. The decline in the area farmed, as a result of the increased encroachment of construction onto farmland by people in rural areas, since the savings of Egyptians working abroad represent one of the elements [illegible]ing this extension.
8. The use of part of the savings of Egyptians working abroad to finance the flight of Egyptian capital via the free market.
9. The great increase in the volume of money in circulation, as a result of the tangible growth in individuals' foreign currency deposits.
10. The danger to the domestic economy in the event of the sudden termination of Egyptians working abroad as the result of political and economic developments in the area.

Part Seven: Recommended Policies for Increasing the Benefits from the Savings of Egyptians Working abroad

It is agreed that reforming the course of the economy is not just a matter of setting out policies to increase benefits from the savings of Egyptians working abroad. Although that is considered an important step, such reform requires that a comprehensive strategy be set out with the goal of remedying the structural imbalance in the domestic economy by realizing balanced growth in the various sectors to limit inflationary pressures, encourage the policy of production for the sake of exporting and substituting imports in order to reduce the balance of payments deficit, and pursue the necessary effective financial and monetary policies to reduce the general government budget deficit.

However, in the framework of our study on the savings of Egyptians working abroad, it is clear that enhancing the benefit to the domestic economy from these savings should be concentrated on three focal points:

- A. The development of the savings of people working abroad.
- B. Attraction of savings into banking channels.
- C. The reduction of costs and elimination of the negative effects of the migration of Egyptian manpower.

First: the development of the savings of people working abroad:

The development of savings can be realized through three factors, increasing the number of people working abroad, raising their income level and limiting their spending abroad. The most important means to help affect these three factors in a way where an increase in the savings of Egyptians working abroad can be produced may be summarized by the following points:

A. Short-term measures:

1. Studying the phenomenon of some Arab countries' tendency to employ Asian labor and setting out the necessary policies, in the light of that, to restore the competitive ability of the Egyptian worker.
2. Working to provide trained technical labor in a manner that is in keeping with requirements over the short and medium range and with technological advancement, through the expansion in transitional training centers.
3. Working to encourage Egyptians working abroad to limit their spending, by offering them an incentive to do so by providing them attractive investment opportunities and working to realize political and economic stability in order to prepare a suitable climate for spreading about an atmosphere of self-confidence.
4. Protecting the freedom of individuals to work abroad. In the event rules are set out on the migration of some specialists in whose regard the domestic economy is suffering from a severe deficit, that must be done through

attractive incentives which will prompt them to serve domestically with foreigners. It is also necessary to regulate Egyptian labor abroad in general and in the Arab countries in particular through bilateral international agreements if possible, in a manner guaranteeing that the dignity of the Egyptian citizen, and all his material rights and so forth, are preserved.

B. Long-term measures:

1. Studying the demand for Egyptian labor abroad to determine the areas of specialization and competence required in coming years.
2. Drawing up an education policy which grasps the true nature of requirements for specialists within the nation, while estimating the other countries' requirements for this labor and the possibilities that there will be a flow of labor abroad which will return to the country.
3. Concentrating on providing high-level technical specialists such as computer operations analysts and programmers, as well as applied and engineering specialists of an international caliber as desired over the medium and long range, in view of the increasing trend toward demand for this sort of specialist. In addition, people who have these specializations receive high-level wages.
4. Establishing Egyptian or joint contracting firms which will employ Egyptian labor at jobsites to work in neighboring Arab countries, where these companies will be in charge of sending this labor in and out in a context of consolidated legislation.

Second: attraction of savings into banking channels:

From the foregoing analysis, it is apparent that the drain of savings into the free market can be attributed to the ability of middlemen to offer an exchange rate which is higher than that announced in the banks. This, consequently, may be attributed to the increased demand for foreign currency for imports arising from the fact that the interest rates of the Egyptian pound are below the inflation rates.

Therefore it is necessary that the reform be extended to include the features shown below, to attract the savings of Egyptians working abroad to the banks.

A. Short-term measures:

1. Guiding imports without the transfer of currency, so that they may help cover the shortage of basic commodities and production requirements without being drained off into the demand for luxury commodities and commodities competing with domestic production. This will require the use of customs duties, taxes on consumption and prohibition measures, while encouraging the production of import replacement commodities.
2. Encouraging savings in local currency by using appropriate interest rates which are in keeping with local inflation rates, while guarding against the

effects of this increase on the cost of investment and therefore increases in prices. The demand in this market is great, is in excess of the ability of middlemen to supply higher exchange rates and deprives the Egyptian economy of resources which could be used to finance the deficit in current transactions, rather than relying on foreign borrowing and the use of high-cost bank facilities and suppliers' facilities. Since 1976 the Central Bank has been pursuing a policy of gradually raising the interest rates on the Egyptian pound to attain this objective, while avoiding the creation of a sudden effect on local prices, investment and economic activity, especially in the public sector. It was possible to raise the interest rate on deposits in Egyptian pounds on 1 January 1982 for a period of a year, for example, to 11 percent, tax-free, as compared with 2.4 percent, following the deduction of taxes, in 1975.

3. Granting attractive investment opportunities to Egyptians working abroad, by establishing finance companies, offering their stock to individuals in local currency or foreign currency in the context of economic development plans and offering government bonds at satisfactory interest rates, or linking them to specific benefits in kind, such as deeding out housing units or construction land in the new towns or reclaimed farmland or issuing bonds in Egyptian pounds valued in American dollars or a strong currency, guaranteeing the retention of the buying power of the value of the bond and a satisfactory real return.

4. Working gradually to lower the deficit in the balance of trade by encouraging the growth of commodity exports at rates above the growth rates of commodity imports, by granting incentives to exporters, such as easy loans, additions to the exchange rate, the guaranteed recovery of receipts, increases in the rate of avoidance, simplification of export procedures, and so forth.

5. In order to realize realistic, flexible exchange rates that reflect the real value of the Egyptian pound, it is recommended that the banks operating in Egypt be permitted to establish a transactions room in which the daily exchange rate, which reflects the real circumstances of supply and demand, can be determined, in the case of special transactions. It would not apply to the imports of basic materials which the banks as a whole and the Central Bank finance. This system will continue to be in effect for a period to be agreed on, and will be considered a nucleus for the establishment of a commercial exchange market in the future.

This of course will require that the Central Bank play its supervisory role over this market and that its efforts in this regard be strengthened.

B. Long-term measures:

1. Adopting all policies and measures to limit inflation rates, which have started to exceed the levels of the interest rates on the Egyptian pound, and compel citizens to proceed to save in foreign currency while limiting expansion of the money supply so that that will not lead to an increase in demand for imports and therefore raise foreign currency exchange rates in the free market and increase the gap between them and the official rates declared by the banks.

2. Striving to stabilize economic policies to encourage the continuity of capital domestically and induce further capital to orient itself toward the Egyptian market.

Third: The reduction of costs and elimination of the negative effects of the migration of Egyptian manpower:

From the previous section, it is apparent that there are a number of cost elements and negative effects which arise, or which the domestic economy suffers from, as a result of the emigration of Egyptians to work abroad. In spite of the difficulty of influencing certain cost elements, such as the productivity of the worker, which is lost as a result of his migration, and the costs of his education and training, there are other cost elements and negative effects which can be limited through the means and policies shown later, or reduced in a manner which will lead, collectively, along with the above methods, to strengthen the use by the domestic economy of the savings of Egyptians working abroad:

A. Short-term measures:

1. Setting out tax policies which will guarantee that speculation in land and real estate is limited, by imposing tax on the capital gains arising from commerce in them.

2. Adopting measures which will guarantee the execution of and respect for legislation which is aimed at limiting the encroachment of buildings onto farmland and encouraging expanded construction of new towns in the desert areas and Sinai.

3. Setting out flexible wage policies, linking wages to productive competence in a manner which will guarantee increased production and the development of government resources and keep highly competent technical labor from being drained out of the country, urging individuals to orient themselves toward technical education and also limiting private consumption as a result of the spontaneous increase in wages and incentives.

B. Long-term measures:

1. Devoting attention to training to fill the severe shortage in trained technical labor and limit its negative effect on the domestic economy, particularly on wages, prices, production and investment. This requires the performance of continuous detailed studies, which will be carried out by experts who are specialized in this field. Here we might content ourselves with pointing to the need to stimulate the role of the Higher Manpower Development and Training Council which was established by Presidential Decree 459 for 1982, especially as regards planning for domestic and foreign manpower requirements, work to meet these requirements in quantity, quality and proficiency, and also issue integrated human resource legislation, realize maximum benefit from existing training centers, establish training centers in the governorates and towns to absorb people growing up outside the education facilities, provide the necessary training personnel in the form of qualified persons with practical experience, provide them with adequate

incentives, prepare programs for transitional training for surplus labor in the government and the public sector as well as programs to raise the skill level of people working in production sites, hasten to establish a national fund to finance training to which production units will contribute, in addition to government participation and loans and grants available from abroad, develop the system of education so that the graduating classes in education will be in keeping with future requirements, by continuing the policy of expanding admissions to technical education and limiting admissions to general secondary, and regulating admissions to the universities and higher institutes in accordance with anticipated requirements only, and getting the armed forces to participate in the training and formation of national service battalions of persons eligible for the draft who have not been inducted into the armed forces, such as building and construction battalions for land reclamation.

2. Promoting agricultural mechanization to compensate for the extreme shortage in agricultural labor and setting out an urgent plan to prepare the necessary technical personnel, while asserting that this plan should include executive programs for the training of agricultural workers in the use of modern agricultural equipment.

Reviewing, in periodic form, crop prices set by the government, so that these prices will be feasible for the farmers, and encouraging them to increase production.

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FINANCIAL WRITER PROPOSES NEW PUBLIC SECTOR FINANCING STRATEGY

Cairo AL-AHRAM AL-IQTISADI in Arabic No 801, 21 May 84 pp 44-48

[Article by Nabil Sabbagh: "The Money Market: On the Executive Bill to the Law on General Authorities"]

[Excerpts] If the reference the newspapers made is correct, regarding the contents of the draft executive bill on Law 97 on Public Sector Authorities and Companies for 1983, regarding the increase in the capital of some public sector companies and the invitation of the private sector to [contribute to] this increase, starting with the people working in these companies, we will have made progress on the right road to rationalizing this sector, which has become an example of paralysis and limited resourcefulness.

The fact is that the subject of getting the private sector and workers to contribute to public sector company capital has been researched to exhaustion over the past 10 years. Previously, the concept of Prof Ahmad Abu Isma'il, former minister of finance, when he was dean of the Faculty of Economics and Political Science and a member of the People's Assembly, was embraced. Then the National Production Council assumed the study of it when Dr Muhammad 'Abd-al-Qadir Hatim, the general overseer of the specialized national councils, assigned the late Eng Samir Hilmi to prepare the draft of a study for the development of the public sector, and I had the honor of being part of the membership of this committee. In reality, a full draft on developing the public sector and its companies, the method for increasing the capital of its companies, and so forth was prepared; this draft unfortunately was not adopted, although it met with the approval of most industrialists, financiers and economists in the country, including a substantial group of senior officials in the public sector companies themselves.

Among the subjects included in the draft is that of reforming the financial structure of the public sector companies, which became warranted by the great disruption in the financing structure of most of the companies in this sector. This resulted from the failure of these companies' capital to keep abreast of the magnitude and value of fixed assets and assets transacted and most companies' recourse to financing most of their capital and commercial financing requirements through long- and medium-term borrowing and open withdrawals, in varying degrees, with all the financing burdens and debt

services that devolve upon the companies from these commitments, putting them under the pressure of suppliers and creditors, with the exorbitant conditions they might dictate, which these companies could dispense with if financing for these companies were made easier.

A Successful Experiment Pursued by Private Companies

As far as increasing the capital of public companies is concerned, the draft study on the development of the public sector may be summarized as re-evaluation of the assets and liabilities of this sector, then modification of its capital in a manner which is in keeping with the magnitude of the budget and creation of a sort of balance between the companies' assets and the rights of shareholders on the other hand.

One recommendation which was presented at that time to remedy this sort of financing disruption, since it was adequate as a rapid solution in the case of profitable companies, was for these companies to multiply their capital several times over in the course of several years, so that the companies would use the first increase in capital to cover their urgent financing needs in the form of raw materials, primary materials, spare parts and so forth, then in following years to cover short-, medium- and long-term debts, so that the gap of the disequilibrium between shareholders' rights and companies' commitments would gradually be narrowed in a manner which would create a balance among budget sections.

I was a proponent of the latter solution, but my opinion at that time was that the increase in capital should occur in accordance with an evaluation of the elements in the assets, then the capital of these assets should be increased in a manner that was in keeping with this evaluation. It seems that the simplified solution was more practical, especially since the experiment which many private sector companies had carried out in this regard had yielded brilliant results. For example I might mention the measures the Swisspharma, Hoechst Eastern and Pfizer-Egypt companies carried out, and among new companies, the Middle East Land Reclamation Company, Malargypt and the Econ Engineering Company. I had previously addressed myself to these companies' budgets on the pages of this section, whenever an increase occurred in the capital of a given company, in order to underline the extent of the benefit these companies had derived, permitting them to finance all their expansions and increase their production without burdening shareholders, in a manner which would bring benefit to them and the domestic economy through increased production and coverage of local market requirements and demand, not to speak of export possibilities.

Inviting Old Shareholders and Workers To Subscribe

The concept, most simply, can be summarized as removing the public sector companies' burden of current and investment financing from the shoulders of the government and the public sector banks which are currently bearing the whole burden of covering the public sector companies' financing needs, even in the case of the joint companies in which the private sector participates.

Since the condition of the public sector companies differs from one firm to another, the situation requires that we start applying the experiment to successful companies, so that they may assume the provision of all their financing requirements from their own resources, while the government will devote attention to the companies which are faced with difficulties, correct them and continue to aid them until they can stand on their own feet, leaving them to arrange their affairs under their own auspices.

The purpose of this is to reduce the burden on the government budget. It is enough that the government, through the current budget, then the investment budget, is obligated to bear all the public sector companies' additional burdens at a time when these companies can circumvent the imposition of this sort of burden on the budget, if they follow the proper course, by taking the measure of offering new shares to increase the public companies' capital.

Discrimination between Companies

Even in the case of those public sector companies which are successful, the situation requires that there be discrimination between companies which are wholly owned by the government and companies where private sector shareholders participate in the capital.

Examples of Joint Sector Companies and the Financial Disruptions That Have Afflicted Them

In order for the picture to take concrete form and be more comprehensive, I can address myself to the most recent budgets issued by a number of public sector companies in which the private sector participates, those for the fiscal year 1982-83. They are all a flagrant example of the extent of the financial disruptions most public sector companies are suffering from, although the companies I address myself to have realized great profits and have paid out good profits to the shareholders and people working in them (see Table One).

The first imbalance that occurs to many of us who follow the figures included in this table is the massive difference between these companies' capital and the total value of assets.

How Can the Companies Cover This Financial Imbalance?

There is no doubt that the massive reserves these companies have built up have helped them fill a large gap in financing, and allocations help to some extent in facilitating the attainment of temporary liquidity, as long as they are used for the purposes to which they were allocated.

It should be observed that the smallest requirements are to be found among real estate companies, while they rise to more than 20.8 million pounds in the case of the United Arab Textile [Company], 16.6 million pounds in the case of the Alexandria Company, 14.5 million pounds for the Dumyat and al-Daqahliyah Textile [Companies], and so forth.

Table One: Financial Status of a Group of Joint Public Sector Companies in Which Citizens Hold Shares (in Thousands of Pounds)

Examples of Companies Whose Capital Is To Be Increased	Paid up Capital	Government Participation	Reserves	Allocations	Short-, Medium- and Long-Term Loans and Other Commitments	Value of Fixed Assets after Depreciation	Total Value of Fixed and Traded Assets	Final Dividends for Fiscal Year 1982-83, in Pounds
United Housing and Redevelopment	1,100.0	---	2,476.8	1,234.13	7,310.27	3,108.65	12,111.22	39.6
Cairo Housing and Redevelopment	1,060.0	---	2,560.9	875.1	16,401.18	1,042.07	20,897.19	37.56
Al-Sharqiya Flax and Cotton	1,104.0	1,667.87	4,909.97	11,264.14	24,453.98	18,622.1	43,399.97	--
Dumyat Spinning	1,590.8	---	14,532.28	31,823.89	13,155.0	26,934.72	61,102.12	95.3
Al-Daqahliyah Spinning	1,128.3	4,428.2	14,128.17	16,952.23	32,793.8	27,523.79	79,445.92	15.9
Alexandria Spinning	861.3	2,712.6	16,610.3	11,301.52	28,440.4	21,364.80	59,926.20	40.0
United Arab Spinning	2,852.0	4,459.8	20,833.9	22,324.94	43,231.69	41,175.13	93,702.39	48.8
Clothing and Textiles	765.0	---	12,386.87	8,013.61	8,030.70	14,523.7	37,431.18	59.4
Arab Rug and Furniture	1,072.19	2,160.9	4,790.25	6,098.29	12,349.55	10,973.45	27,471.17	40.3
Porcelain and China	1,210.6	---	9,015.55	9,537.66	9,825.53	8,955.57	42,627.99	65.0

However, in spite of these reserves, and even the use of allocations, the financing gap continues to exist, and it is forcing the companies to resort to banks, suppliers, and creditors to finance their financing needs.

That is apparent from the enormous size of the commitments of the various companies, whose short- and long-term commitments have come to: Cairo Housing, 16.4 million pounds.

Al-Sharqiyah Flax and Cotton, 24.5 million pounds.

Dumyat Spinning, 13.1 million pounds.

Al-Daqahliyah Spinning, 32.8 million pounds.

United Arab Spinning, 43.2 million pounds.

Clothing and Textiles, 8.0 million pounds.

Arab Rug, 13.3 million pounds.

Porcelain and China, 9.8 million pounds.

To what extent have these commitments been met from these companies' capital? If these companies had not used the reserves and allocations and postponed the dates for the payment of part of their commitments, and had the public sector banks not aided these companies through direct directives from the government, no company would have stayed on its feet.

They Turned to the Government To Obtain Loans

In order to plug the gap between shareholders' rights, as embodied in the capital and reserves and a portion of the allocations, and the value of the fixed and traded assets, which are embodied in these companies' land, installations, equipment and machinery, then the value of raw materials, primary materials, fuel, and spare parts, which are all vital for operating the factories (for which all companies are required to have an adequate reserve which will protect them from facing shortages in production necessities), not to mention the value of the companies' final product and operating inventory, as well as the companies' receivables with the distributors and debtors they deal with, who receive the companies' goods to market, and so forth:

In order to plug this gap, the companies had no choice but to resort to a number of financing channels, all of which impose financing burdens on these companies so that these commitments may be serviced.

Government Participation

Some companies have turned directly to the government to receive semi-permanent loans. The government made loans to these companies, and introduced these loans into the section on government contributions!

The shareholders are also very afraid of these contributions in the case of the companies, which could if used powerfully be transformed into a Trojan horse. That, unbeknownst to the stockholders, could be converted by the Ministry of Finance to part of the companies' capital, in addition to their basic capital, without attention to whether this contribution would be calculated at par value, thus ruining the shareholders' rights, which are weighted down with the massive reserves that have been deducted from the shareholders' profits over a period of years; the government would assume its benefits at par value, though the real value of the stock is many times in excess of its par value.

The shareholders went through this sort of bitter experience before, and paid a high price for it in 1975, when the Ministry of Tourism, unbeknownst to the shareholders in the Egyptian Hotel Company and in blatant violation of the provisions of Law 111 for 1975, doubled the capital of the Egyptian Hotel Company from 2 to 4.5 million pounds. So far, although the matter has been presented to the forum of the judiciary, the shareholders are still incapable of obtaining their rights.

This sort of government participation, in the view of private sector shareholders, is the most dangerous thing threatening their companies, and they compare it to the sword of Damocles hanging over their necks. Who knows? The new general authority boards might receive instructions from an official, and eminent jurists and people looking for loopholes in the laws might support the production of a ruling that would help acquire the agreement of the board of directors of the companies to raise these government contributions to various companies' capital, trampling underfoot the rights of shareholders who have waited for years, as people who most simply have no right to do so wrest them from them.

Once again, on the basis of Table One, we can observe the following, with respect to government contributions:

Al-Sharqiyah Flax, whose capital is 1.1 million pounds, with government participation of 1.67 million pounds.

Al-Daqahliyah Spinning, with capital of 1.12 million pounds and government participation of 4.4 million pounds.

Alexandria Spinning, capital of 861,000 pounds and government participation of 2.7 million pounds.

United Arab Spinning, 2.85 million pounds and government participation of 4.46 million pounds, although it is one of the wealthiest of textile companies!

Arab Rug and Furniture, capital of 1.07 million pounds and government participation of 2.16 million pounds.

The Housing, Dumyat Spinning, Clothing and Textile and Porcelain and China Companies have been spared this participation.

They Have All Resorted to Bank Borrowing

While some companies have avoided government participation, all the firms we have mentioned have resorted to local and foreign banks to obtain medium- and long-term loans, not to speak of letters of credit in addition to their commitments to suppliers and creditors. These commitments have reached troublesome levels in the case of some companies listed in the table.

For example:

The commitments of the United Arab Spinning Company came to 4.32 million pounds.

Alexandria Spinning, 28.4 million pounds.

Al-Daqahliyah Spinning, 32.8 million pounds.

The smallest commitments were recorded by the Clothing and Textile Company, totalling 8.0 million pounds, and United Housing, with a balance of 7.3 million pounds in commitments.

These commitments are in addition to the government participation we mentioned previously.

The Remedy Should Be Easy Otherwise the Trouble Will Be Great

Once again we can go back to the experiment many private companies which have realized great successes have embarked on to plug the gap between the rights of shareholders and their financing commitments.

The Distribution of Profits in Kind

The three pharmaceutical companies have engaged in the distribution of profits in kind, distributing the profits in the form of free stock at par value deducted from the profits.

These companies realized profits and it was recommended that they be distributed in the form of shares to be added to capital. The pharmaceutical companies managed to increase their capital five or six times over by this method. This sort of measure was taken at every presentation of the annual budget of one of the companies, by analyzing the material in this section.

The Cairo Poultry Company did the same. The Bank of the Suez Canal applied this method, albeit in a somewhat different form; the unusual assembly held in May 1983 decided to raise the bank's capital of 10 million pounds to 15 million by diverting 5 million pounds of the general reserve to capital, by distributing one free share to shareholders for every two old shares the shareholders owned. The Securities Market Authority and the Investment Authority agreed to the unusual assembly's resolution, and the bank took measures to distribute the free shares.

Offering the Increase for Subscription among Shareholders

Some private companies established the method of offering the proposed proportion of the increase in basic capital for subscription among old shareholders. Some of them recommended that that be done at par value, others with the addition of an issuance surcharge to par value.

Some investment companies followed this approach recently; we might mention, for example:

[1.] The Miladgypt Land Reclamation Company which, in its recent assembly, on reviewing the budget for the fiscal year 1983, decided to raise the company's capital from 12 to 18 million pounds by offering shares to old shareholders to increase the capital, at a rate of two new shares for every three old ones, on the basis of the par value of the stock, which is 4 pounds, as well as an issuance surcharge of 2.5 pounds, where the addition would be added to the general reserve to support the company's financial position further.

2. The Engineer's Bank. At its unusual assembly held recently, it was decided to double its capital, from 10 to 20 million pounds, by offering a million new shares for subscription by old stockholders, at the rate of one new share for every old one at par value, which is 10 pounds, plus an issuance surcharge of 4 pounds per share, which would be raised to 8 pounds in the case of non-stockholders when the remaining shares were offered for public subscription.

The Approach We Recommend to the Ministry of Industry

Proceeding from these diverse experiments, we call on the Ministry of Industry to think seriously about an objective remedy for the financing disruptions public sector companies are suffering from, whether they are wholly owned by the government or the public sector takes part in them along with citizens.

The recommendation we present is that with respect to the spinning companies, the Ministry of Industry adopt any of the following approaches:

1. The principle of doubling these companies' capital at the rate of one new share for each old one, at par value plus an issuance surcharge equal to par value; thus the company's capital would be tripled in the first phase.
2. This approach should be repeated in following years, or whenever the circumstances are appropriate, so that the financing imbalance can be remedied in stages.
3. An adjustment should be made, regarding government participation, between its rights as a creditor of the company's and its rights as a shareholder, on the same conditions to which the private sector shareholders are subject.

Table Two: Capital of Companies before and after the Increase and the Issuance Surcharge

Company	Capital	Addition to Capital	Issuance Surcharge	Capital After Increases
United Housing	1,100.0	1,100.0	1,100.0	3,300.0
Cairo Housing	1,060.0	1,060.0	1,060.0	3,180.0
Al-Sharqiyah Flax	1,104.0	1,104.0	---	2,208.0
Dumyat Spinning	1,590.8	1,590.8	1,590.8	4,772.8
Al-Daqahliyah Spinning	1,138.3	1,128.3	1,128.3	3,384.9
Alexandria Spinning	861.3	861.3	861.3	2,583.9
United Arab Spinning	2,852.0	2,852.0	2,852.0	8,556.0
Arab Rug and Furniture	1,072.0	1,072.0	1,072.0	3,216.3
Clothing and Textiles	765.0	765.0	765.0	2,295.0

What Will the Result Be? The Best Indication of the Results Is the Attached Table Two

It is clear, from reading the figures, that the company cited as an example whose capital increased the least, through addition of an issuance surcharge of 765,000 pounds, to 2.29 million pounds is the Cabu Clothing and Textile Company, followed by the Alexandria Company, which increased its capital from 861,300 pounds to 2.58 million. The [capital of the] United Arab Spinning Company, whose current capital is 2.85 million pounds, will surge to 8.55 million pounds.

The important part of the recommendation is that the increase in capital take place with respect to the equity of both the public and private sectors. The public sector can contribute by increasing its deduction from its contribution to the company's loans, and thus the government will not be incurring new burdens when the capital of these companies is increased.

If the shareholders fail to cover their share of the increase in capital and the stipulated increase, the following step will be taken by inviting the people working in these companies to subscribe to the remaining private sector shares, on grounds that they are the most deserving of their company's shares and because they are citizens, the best representative of the private sector, and people who are concerned with the interests of their company.

The Reasons for the Objection to the Issuance Surcharge

Someone might perhaps ask me how I can now agree to the imposition of an issuance surcharge which would be added to par value in a manner that would double the par value of the stock, while I objected to this approach in the case of some public sector companies, the National Cement and al-Shams Housing and Redevelopment Companies, which offered some capital for subscription by shareholders with an issuance surcharge.

My objection was founded on two reasons:

First, the desired increase in capital was very great, more than double the capital at one stroke, so that it would become a factor for crippling the old stockholders, especially since the two companies were not profitable, and their market price at that time was close to par value so that there was no room for any issuance surcharge.

The National Cement Company raised capital by several million pounds and imposed an issuance surcharge, bringing the value of the share up to the price of the share on the securities market. At that time it was 272 piasters, while the par value of the stock was 200 piasters. I warned against imposing this surcharge if we wanted to encourage the old shareholders to cover the increase in capital. In actuality, the shareholders were incapacitated, indeed, some of them refrained from subscribing to a share equal to their share of National Company capital. The public sector companies entered in at that time, subscribing to an increase in capital, and they paid off the surcharge. The result was that the proportion of the public sector's ownership increased at the expense of the private sector, in a manner which one could consider a disguised means for indirectly nationalizing a portion of the private capital.

The result of this deliberate error was that the price of the stock declined even before the door to subscription was closed. Then the price started to decline, so that now it comes to 130 to 140 piasters, that is, less than the par value of the stock.

The same thing happened with respect to the shares of the al-Shams Housing and Redevelopment Company. The company offered a large share of the increase in company stock for public subscription at par value, 100 piasters, plus 10 piasters as an issuance surcharge, at a time when the price of the stock by itself was within that range, indeed slightly less -- 104 to 108 piasters. In addition, the company did not pay out profits for its activity in the year of the capital increase, and the result was that the price of the stock declined to less than the par value. The result here also was that the private sector's share declined to the benefit of the public sector and the public sector companies which entered as subscribers, because it was not interested in waiting a number of years before obtaining profits.

As regards the companies I used as an example, the shares of most of these companies are worth three times the par value and consequently they can bear an issuance surcharge which is roughly equal to the par value of the stock.

Since I would not recommend an issuance surcharge if the company suffers from difficulties or its market price is close to the par value of the stock, I recommended, with respect to the al-Sharqiyah Flax and Cotton Company, that the initial doubling of the capital take place without an issuance surcharge, because the value of the stock on the market is close to the par value (100 piasters being par value and 132 piasters the market value).

What about Companies Wholly Owned by the Government?

Here the situation is different. There are no private sector shareholders with ownership rights in these companies. In this case, we support the view which calls for a re-evaluation of the company's net assets and an increase in capital on the basis of the value of the re-evaluation, while taking into account the reserves that have been formed in the company. Then the company should offer a portion of the increase in capital for subscription among people working in the company as an absolute right of theirs, and, after the employees' right to subscribe has been met, the remaining shares which have not been subscribed should be offered for public subscription among citizens.

This is what I considered it appropriate to present on the occasion of the study of the draft bill of the law on the public authorities and public authority companies. I present it to the minister of industry and the minister of finance, who might perhaps see in it a reasonable solution to the structural imbalance in the budgets of public sector companies.

11887

CSO: 4504/273

MILITARY SPENDING CONTINUES DESPITE OIL REVENUE DROP

Paris AN-NAHAR ARAB REPORT & MEMO in English No 13, 14 May 84 pp 5-6

[Text]

Libya's sharp drop in oil revenues since 1981 has forced the introduction of economic austerity measures which Libyans are finding hard to accept, *Reuters* reported from Tripoli last week. Oil revenue in 1984 is expected to reach \$10bn, less than half the 1981 figure of \$22bn. Foreign exchange reserves also declined in the five months from September 1983 to February 1984, from \$5.2bn to \$4.7bn.

Libya, which gets 99 per cent of its foreign exchange from oil, has been forced to cut back on development spending for the third successive year and has reduced imports of even basic goods. The value of imports has dropped from \$7.2bn in 1982 to \$1.7bn in 1984.

The 1984 development budget is 2.2 bn Libyan dinars (\$6.5bn), 11 per cent down on last year.

The cutback in spending is likely to postpone or even end attempts to achieve self-sufficiency in food-stuffs by setting up huge irrigation schemes in the desert to turn it into an agricultural oasis. At the same time, imports have been cut and diplomats said some exporters were having difficulties in getting payment for goods sold.

"There is a supply problem because of a decline in oil exports," a diplomat said. "Nobody is starving but the shops are empty." The poor supply, although mainly caused by a problem of foreign exchange, also reflects distribution difficulties in the country and the lack of commercial incentive in the state-run supermarkets, reports said.

While diplomats in Tripoli generally credit Col. Muammar Qaddafi with having abolished poverty and of raising living standards, they criticise some of his agricultural plans as unrealistic and expensive. They say it is cheaper to continue to import certain agricultural products - quoting Spanish grapes as an example - than to try to grow them at home.

The Libyan leader has also taken unusual measures to abolish the private sector by forcing pastry shops, rugmakers and other artisans to close down. Barbers and

self-employed mechanics are slated for closure next. However, attempts to socialise production have led to a sharp decline in overall productivity.

With Ramadan approaching, Libyans are said to be unhappy that they cannot get the sweetmeats and pastries normally eaten at the end of the fasting hours.

Col. Qaddafi has also alienated middle-class professionals by steps to standardise incomes, reports said. A doctor's monthly salary of 350 Libyan dinars (\$1,182) is now on a par with that of a driver's, 300 dinars.

This alienation has been enforced by the continuing high spending on military equipment and the cost of maintaining a 5,000-man army in Chad. The general budget for 1984 is \$3.7bn, but defence allocations have not been revealed.

CSO: 4500/71

IDEOLOGICAL UNDERPINNINGS OF ISLAMIC BANK REVIEWED

London AL-TADAMUN in Arabic No 57, 12 May 84 pp 58-60

[Article: "Everything about Partnership, Speculation and Resale with the Expectation of Gain in the Islamic Platform: The Sudanese Islamic Bank and the Adaptation of Bank Transactions to Islamic Law"]

[Text] Economics is one of the most important branches of modern life. The holy Koran imparts firm foundations to its importance through the statements of many holy verses which talk about money, sources of production, equity of distribution and mutual agreement on proper bases. The Sudanese Islamic Bank was established to implant the foundations of the Islamic economy; it embodies Islamic pride and expresses a national aspiration which was given firm footing through the firm deliberation of men whose forebears sought, and whose successors are seeking, to have the most progressive institutions en-
sconced in the Sudan and the Islamic nation.

The Notion and Origins of the Sudanese Islamic Bank

Economics is dominant in many aspects of life, especially in our modern era, and it is extremely influential over human resources in their various locations, which has prompted it to receive special attention from Islamic leaders, their thinkers, and the inspirations of their resurgence, to arrive at the liberation of the economy of the Islamic peoples from Jewish and ecclesiastical restrictions and systems which have inhibited the progress of the economy in the Islamic world for many centuries. Therefore, the notion arose of establishing Islamic banks in various areas of the Sudan. The opinion of his excellency our exalted lord Mr Muhammad 'Uthman al-Mirghani was that people's efforts should become united, their forces should become joined, and their words should become unified in establishing the Sudanese Islamic Bank in the nation's capital, Khartoum, and that from there the branches of this bank should extend, with God's will, desire and success, to the various other regions of the Sudan. Thus agreement was reached on the establishment of the Sudanese Islamic Bank under the care of his excellency our lord Mr 'Uthman al-Mirghani, who would direct its course through his opinions and promote its progress in the society, with its unique legal personality, alongside noble individuals who would participate with him in the unity of the goal and nobility of the intentions, and to that end he adopted the

honorable means and glorious connections which made the idea an achievement and the dream a reality, all within a framework of cooperation, solidarity and responsiveness to the call to Islam in the field of economic activity between Sudanese Moslems and their Arab brothers of various countries, out of belief in the goal and participation in the achievement, in order to cause the banner of Islam to rise in the various fields of life, including the economy.

The Philosophy of the Sudanese Islamic Bank

The notion of the Sudanese Islamic Bank arose as a natural, objective product of the movement of the Islamic revival inside and outside the Sudan, proceeding from the fact and inevitability of religious, political, social and economic integration, on grounds that they were the elements in the construction of the correct Islamic personality which would have a positive influence on the spread of Islam and its exploration of the world of today. The agreement and determination were that these factors would become embodied in the Sudanese Islamic Bank, not as a bank competing with Islamic banks, clashing with them in the field of profit and loss, gain and damage, and contending with them in the area of ideas, theories and principles, but rather as a pioneering bank in the area of extensive Islamic action which would set forth from a nationalist Islamic point of departure to achieve its lofty goals and its noble ends, which are not restricted to the acquisition of profits and massive revenues alone, and would also devote utmost attention to the interests of the nation and citizenship, on grounds that this bank is a fruit of the Islamic heritage among the Sudanese people with their delicate Islamic feelings and is a fruit of the national movement through which the Sudanese people struggled until their struggle was crowned with the independence of the Sudan and its liberation from the fetters of subservience, shackles and servitude. Therefore, the national movement, through its leaders, embarked on serious activity to eliminate the barriers between religion and the nation, economy and society, in order to correct the course of Sudanese society through a comprehensive understanding of Islam, an understanding which calls for the implantation of the lofty spirit in the human soul, and the development of divine capacities in the structure of man. The Sudanese Islamic Bank has come about as a fruit of this thinking, which links the transactions of Islam to a realistic framework which is founded on a nationalist notion, in order to correct the course of the Sudanese economy and liberate the world economic order from the clutches of the usurious system, the commitment to which constitutes a violation of God's sacred values, from which arises the grant of permission by God and his prophet for war against usury and usurers, returning to the platform of God in making what is legitimate legal, prohibiting what has been forbidden, and providing stability for the spirit in firmness on the principle of the truth, elevation of the nation and glorification of Islam and the Moslems.

The Goals of the Sudanese Islamic Bank

1. To adapt modern bank transactions to Islamic law by replacing usurious transactions with the system of transactions of Islamic law.

2. To link Islamic theories and embody them in realistic tangible activity which will give a practical example of the possibility for the Islamic platform to succeed in guiding life in various times and places.
3. To purify the human spirit of the effects of usury and protect it from penury through a system which is approved by the rules of Islam and which the proper spirit finds acceptable.
4. To move the course of national and domestic action forward, with the bank's participation in and contribution to development projects of a national nature which will bring benefit to the Sudanese people and the Islamic nation.
5. To devote attention to small craftsmen, small investors and owners of small businesses and aid them and help them in their projects in order to improve the circumstances of life.
6. The bank is concerned with stimulating and supporting foreign trade in a manner that will maintain a desired balance domestically and abroad to the benefit of the Sudanese economy.
7. To help improve and encourage the private and public investment climate and attempt to eliminate difficulties and obstacles obstructing its progress.
8. To invest Sudanese and Arab capital in a sound manner through collective investments which will take the rules and provisions of Islamic law as a mentor and guide.

These purposes and goals cannot be realized in the desired manner unless shareholders and other people with money invest their money in the Sudanese Islamic Bank, which aspires to accept many investment projects of sound economic feasibility which will bring benefit to it and the Sudanese and Arab nation, with the permission and success of God.

The Sudanese Islamic Bank has undertaken to perform its social role in full. This represents one of the most important goals for which it has arisen and a purpose which it seeks to achieve as an integrationist duty in its great comprehensive mission.

The mission of the Islamic Bank is not one of profits alone, but is also a mission of construction, social activity, and the attraction of groups of people into transactions whom ordinary banks cannot attract.

In order to realize this goal, the Sudanese Islamic Bank has determined to direct an important part of its investments and revenues from its activity toward numerous areas of banking and production activity in which banks whose principle and platform are profit are not inclined to involve themselves. An example of that is its entry into projects which realize social benefit, where its results have an effect in solving the problem of a large group of people, such as farmers, workers, small merchants, small craftsmen, students, women's groups and so forth, to underline one of the dimensions of

the Islamic economy, which has the goal of realizing social justice ("lest a government be constituted from the rich people in your midst") and equity in the distribution of resources among various social classes and different regions and areas, that is, among the rich and the poor and the urban and rural areas, which have a mission compatible with increased production and proper mutual agreement. This is a task which completes the sequence and through which the essence of the goal in establishing the Sudanese Islamic Bank is realized. In this regard, the bank, in accordance with Islamic formulas, has invested in projects where the beneficiaries are whole groups of philanthropic bodies and cooperative societies. This is a social role in which capital finances strong, honest capable persons in the society in a way which leads to the dominance of social peace accompanied by the satisfaction of everyday economic needs through increased production and the unleashing of idle powers.

The Program and Methods of General Investment in the Sudanese Islamic Bank

General investment in the Sudanese Islamic Bank is based on a philosophy whose goal is the public interest by correcting the course of the investment condition of money, so that that may be a free intermediary through which people can obtain the benefits they need. Thus it is apparent that the value of money lies in its working to perform its function, from which arises compensation in the form of profits.

Therefore, the Islamic Bank denies that money should be a commodity which is bought and sold, because the sale of money for money of a similar kind but a different amount is usury and that is not proper. It is necessary to introduce an intermediary which will enable money to perform its function of retaining value and determining standards and criteria, and this intermediary is the commodity, with its Islamic rules.

The main Islamic areas of investment in which the Islamic Bank of the Sudan invests its savings and deposits are four:

First, partnership:

The bank offers the necessary financing in full if the client has fixed assets such as land, water, or power, on grounds that that is the client's share of the participation, after it is evaluated and computed as part of the general capital of the partnership.

Or [it offers it] in part, where the client pays part of the participation capital as money.

The purpose of this is to perform limited commercial operations or carry out specific projects in various legitimate areas with another party, on the basis of participation in profits and losses, in accordance with the approved legal Islamic rules.

In addition, such participation is controlled by a participation agreement (form two, partnership) which contains eight sections. The Islamic Law Oversight Authority in the bank has approved this contract, and in order for the

participation process between the bank and any other party to take place, this contract must be filled out and signed.

Second, participation ending with the transfer of ownership:

This is called gradually decreasing partnership by some jurists.

The Sudanese Islamic Bank has had the goal, through this formula, of serving small investors, complexes and ordinary groups such as institutes, universities, federations and philanthropic societies, so that they will be productive rather than consumer groups, by financing small investment projects whose ownership ends up with these groups, in order to realize the bank's general objectives, as part of the bank's contribution to moving the wheel of national development forward, increasing per capita income and putting idle powers to work, in order thereby to impart a new notion to the relationship of production, which is that workers in this sort of project work in the spirit of an owner, not the spirit of a wage earner, and thus guarantee the force of commitment, honesty in dealings, and pride in the instruments of production which are basic elements in the success of any productive project.

The Sudanese Islamic Bank, as a first party in this sort of (gradually decreasing) partnership, wholly or partially finances projects in different fields which are studied by the bank or any consulting firm, so that the goals for which this project is established will be realized through agreement with the second party (the person conducting the transaction), provided that the bank obtain part of the income realized while the rest of the income, or any amount of it, is retained for allocation to payment of the principal on the financing offered by the bank, so that the bank's share in the financing will gradually be transferred and ultimately the project will become the property of the person conducting the transaction, after the bank has obtained the financing principal it has provided out of the income that has been realized by the project.

Two conditions must be met in the case of participation:

1. The bank must share in the project management as a principal or through an agent, in order to guarantee that the development of the project is kept on the proper course and to be confident of the legitimacy of the economic aspects in it.
2. Accounting of the project financed by the bank must be performed periodically on the basis of the actual income of each period of time.

The third area: speculation:

This is called "moneylending" by the people of the al-Hijaz, and it is "vesting money in the people who invest it with a portion of their capital in common, not with the expression of rent."

By this definition, it is a legitimate transaction and it has been agreed that it is legitimate.

Its form:

On the one hand there is capital and on the other there is labor. The former is called the owner of the money, the promoter, the lender, while the latter is called the speculator, the borrower. Speculation is of two kinds, unrestricted and restricted. The restriction may concern time, price, a commodity or a place.

Speculation of both kinds is subject to the following conditions:

1. The owner of the money hands the money over to the speculator, so that he can dispose of it.
2. The [amount of the] money is known.
3. The share of each constitutes a joint portion of the profit.
4. The money for the speculation, in the possession of the speculator, is a deposit which has been given in trust and may not be insured.
5. In terms of conduct, the speculator is considered an agent of the owner of the money.
6. In the event of loss, the loss accrues to the owner of the money alone, while the speculator loses his effort and labor.
7. If the speculation is restricted to a specific commodity, the speculator violates that and turns to another commodity without the permission of the owner of the money, and the transaction is then a loss, in this event the speculator will guarantee the money. The speculator also guarantees the money if others speculate without the permission of the owner of the money and the transaction is a loss.
8. The owner of the money must not impose on the speculator a restriction in the form of a prohibition that harms him.
9. If the speculator buys a commodity at an exorbitant price without the knowledge of the owner of the money, that will be computed against him and will not be considered part of the money constituting the speculation.
10. The owner of the money must not specify a period of time for the speculator which will prevent him from disposing of the money; if he does that, he must once again speculate with a similar amount of money in that period of time for a known wage, and the wage earner will be subject to a trust, as long as he does not fail to perform or commit violations.
11. If the speculation is unrestricted, the speculator will have the right to engage in any kind of commercial transaction which is permitted by law, and he may travel with the money if the matter so requires. If the trip is perilous, he may not travel.

12. If the speculation is restricted and the speculator violates the restriction, he will be [considered] a usurper, and, when he becomes a usurper, he will then be liable for the loss and will have no wage but will guarantee the money. If it makes a profit, he will have a similar wage. If the money is lost or destroyed, he will become a guarantor of it by virtue of the usurpation at the time of the violation.

13. If an unrestricted speculation is ruined when some profit is earned, the owner of the money will have a share of this profit because the profit is a fruit of his capital, and the speculator will have the same wage for the unrestricted and restricted speculation when that is ruined on condition that that not exceed the restriction covering the restricted [speculation].

14. The capital of the speculation will be in cash; speculation is not allowed in the case of commercial goods, because their value is not fixed. That would result in ignorance about the capital, as Malik, Malik [sic], Abu Hanifah, al-Shafi'i, al-Thawri and al-Laythi stated. Ibn Abu Layla permitted speculation in goods, but his statement has not been approved.

Fourth, resale with the expectation of gain:

Resale with the expectation of gain is a legal form of sale which has been well known in ancient and modern times. It is:

The sale of a commodity for its value, with a profit distributed to represent this value.

In order for a resale with the expectation of gain to be valid, the following conditions must be met:

1. A statement of the value of the commodity, including expenses which are restricted by law.
2. The profit must be set at a specific sum, in the form of a figure or percentage of the value -- 5, 10, 15, 20, or 30 percent, and so forth.
3. A statement of the flaws in the sale or in its descriptions. If that is not made, the buyer will have the option of performing an inspection.
4. A statement of the term for which he purchased the commodity, since he has a share of the price.

Categories of resales with the expectation of gain:

Resales with the expectation of gain may be broken down into two categories:

First:

Resale with the expectation of gain without purchase demand or promise. This is where the bank buys some commodity, then offers it, after it has been appraised, to anyone who wants to buy it, at a profit specified by a figure or a percentage of the value.

Second:

Resale with the expectation of gain with a purchase demand or promise.

Regarding this category, the client asks the bank to buy a commodity of a given description, inside or outside the Sudan, and the client considers that the bank, in purchasing this commodity from him, is engaging in resale with the expectation of gain. In order for this transaction to take place, the client must take the following measures:

1. Fill out a form for a request to purchase and sign it.
2. Fill out a form for a promise to purchase and sign it.

This is followed by a study of the demand and promise to purchase by the management of the bank and its agreement to them and the signing of the promise to purchase by the client, as a first party. When the commodity arrives, if it is inside the country, or its documentation arrives if it is outside, following confirmation of the bank's ownership of the sale, a contract for a resale with the expectation of gain is concluded by the bank as a first party (buyer) and the agent as a second party, provided that the commodity is under the responsibility of the bank up to the delivery site that has been agreed upon.

If the person making the promise refrains from making the purchase after the commodity has arrived, the bank has the right to impose upon him the actual damage which it suffered by entering into this process, which it would not have entered into had the client not so requested.

There are many details and particulars related to resales with the expectation of gain which there is not room for here. We have devoted a comprehensive discussion to that which is now being prepared in the Department of Islamic Research and Study of the Sudanese Islamic Bank.

God is most knowing.

11887

CS0: 4504/276

POLITICAL SITUATION, RELATIONS WITH LIBYA DISCUSSED

Tunis REALITES in French No 30, 25 May 84 pp 10-13

[Interview with Habib Boulares, National Assembly deputy, by Moncef Ben M'Rad; date and place not specified]

[Text] Habib Boulares is one of those lucid witnesses who speak where silence is preferred.

Known for his outspokenness, he belongs to that class of sympathizers who are very critical of the government's actions. He claims to be a man of progress, a man of a religion that people call progress.

We discussed with him some of the problems Tunisia is experiencing. He thinks the influence of speech and of presence may tip the balance toward the plan for a freer and more just society.

REALITES: How does the present political situation look, in your opinion?

Habib Boulares: The present political situation breaks down into the reflection of a serious crisis of confidence in the regime itself, in the sense that the dissension that appeared on the occasion of the events of 3 January unfortunately reflects the profound differences in the conception of the country's future. There would be two governments that can't cohabit in the same administration. Therefore, in my opinion the present situation amounts to a crisis that pits the real country's development against the political system.

Up to now, this is why I believe we are living through a very grave crisis, with on the one hand this opposition between the requirements for the development of the country and the system, and on the other hand a questioning of the system itself from within, to the point where the persons who are in charge of it are seen to be, to say the least, in disagreement.

[Question] How do you see the situation evolving?

[Answer] In my opinion the situation couldn't evolve in a normal direction unless the functioning of all the institutions were strictly observed.

It's the only way that makes it possible to limit the possible derailments to the maximum. I mean, it is necessary for an institution like the Chamber of Deputies to function normally, that is to say to have a grasp on the country's real problems, the political problems, to discuss them in the presence of the government, to be the resonant chamber for the concerns of public opinion. And it is necessary above all for the government to take it into account. By normal functioning of the institutions, I mean law enforcement first and foremost by the administration. The latter, in a country like Tunisia, is a sprawling organism, extremely sluggish and extremely heavy, but at the same time often irresponsible, in the sense that in the ongoing conflict that can exist between the citizen and the administration, the citizen always gets the worst of it.

The administration must play its role, no more and no less, and never more than is required.

On another level, Tunisia today has the feeling it is facing several political powers. The political power doesn't seem like a UN power, but like a multipolar power. And that is very serious for the country's present, as well as for its future.

[Question] You spoke of the National Assembly, you are a deputy who is famous for his independence of spirit and his outspokenness. Have you really been able to do something, when it is well known that the code of the press hasn't changed, when it is well known that the amnesty bill hasn't been passed, when it is well known that a number of problems are persisting, when it is well known that the National Assembly voted one day to increase the price of cereals and then--

[Answer] I'll answer you with a joke: it's as if someone said to a country such as France that because the army in 1940 did not prevent the Germans from entering and occupying the country, the army should be dissolved or people should ask themselves what it is good for. Several things have to be distinguished in this affair.

In a situation where there exists an assembly with a crushing majority that votes on the side of the government, those who wouldn't vote that way are powerless on the numerical level.

To prevent the passing of a law in the Tunisian Assembly as it is now made up, a majority of 69 deputies is required. Currently, there is no possibility of having 69 deputies voting against a government proposal. The problem is whether there are in this Assembly deputies who, as you say, are outspoken, who are able to express the point of view of those who are not in agreement, who can contribute to the solution of a number of problems. To that second question, my answer is yes.

There are many more such deputies than people believe. All you have to do is to look more closely at the debates in the assembly. When you say that this assembly didn't prevent the increase in the price of bread, go back to the debate in the assembly and you'll see that in the course of that debate there were nevertheless deputies who called the government's attention to the gravity of that decision.

You had better not say, "We can't solve the problems with a parliament." Because right then I will ask you how they could be solved. With a submachine gun?

[Question] Don't you think the question of succession is distorting the important problems the country is experiencing?

[Answer] I think the problem of the succession is a false problem, that in any case Tunisia is directed in the first place by a president. In the present situation and according to the constitution, he is president for life. According to the present provisions in the constitution, in case of a vacancy at the head of the government, the prime minister replaces him. In other words, the problem involves only a few persons, and I consider it a real aberration, a mental deviation to try to place the succession problem at the center of our concerns. Let's leave the succession problem aside, let's look at the major problems, the serious problems that are being raised for the country, and let's try to solve them. Those problems are the most urgent ones. Succession is poisoning the situation in the country, because several actors on the Tunisian political scene--important ones at that--are basing all their activity on that problem. At the same time that I am asking those who are not directly concerned with that question to forget about it and try to work toward seeking and applying solutions relative to the country's major problems, I am saying to the actors on the political scene who make all their choices in terms of the succession problem, that they are making a poor choice and that this is very serious. If they have no chance of acceding to the succession, they will be blamed for having wasted the country's valuable time busying themselves with a question in which, in the end, there are no winners. And it's the country that will be the loser.

[Question] Can you give us your opinion concerning the problems the Tunisian labor union movement is experiencing?

[Answer] That's a very serious question. And, obviously, unionists of all persuasions don't like to have nonunionists passing judgment on their business. But I have an easy answer to that, because I believe that if the labor union situation determines to a very large extent the very "functioning" of the country, then all citizens have a perfect right to pass judgment on the union question, without necessarily being affiliated with a union. For my part, I think, and I have so written several years ago, that in view of the way the country is developing, it is quite difficult to avoid union pluralism. The battle that was waged to maintain union unity was revealed to be ineffective, inefficient, simply because the necessity for pluralism had not been considered very important.

The circumstances that have favored union unity since the UGTT [Tunisian General Federation of Labor], until recent years, are exceptional circumstances in relation to the general history of trade unionism. From the moment the UGTT became the refuge, the meeting place, the focal point of all the country's political forces, especially between 1975 and 1978, from the moment the UGTT became the only authority of which a social militant could be a member in the usual meaning of the word, without feeling that he was being recruited by a political power, it was inevitable that sooner or later those different political forces would try to mutually dominate each other.

Moreover, the upheaval the UGTT went through after the founding of the UNTT [expansion unknown] really shows that the departure of the UNTT members did not, for all that, solve the problem within the UGTT.

It doesn't worry me today that there are two union groups. What does worry me more is that the union groups might become the plaything of political ambitions.

After a certain length of time the danger is everyone will be disgusted with unionism and will see to it that the Tunisian worker no longer has confidence in a union group in which he would be able to militate and work for progress. This is almost what is happening at present in certain national firms.

[Question] Can you give us your opinion concerning the problems that exist between Tunisia and Libya?

[Answer] There, I'm going to answer very frankly. Libya is east of Tunisia, it has a common border with Tunisia, it has a common border with Algeria. Tunisia is obliged to get along with Libya and with Algeria. Whatever is done, whatever our options, a solution for the future has to be found. Having said that, I have to say that within the government the attitude toward Libya has been an attitude reflecting the differences and the dissension that have existed for 15 years. The affair of the "union" that was aborted in 1974, followed by the stifling of Mohamed Masmoudi, the then foreign affairs minister, even then reflected the existence within the Tunisian government of groups that differed in their behavior toward Libya.

What I would like to say is that we have to decide on our attitude toward Libya. Like it or not, some are calling for entente with Libya, some are expressing justified apprehension about that entente. In any case, neither side can avoid cohabiting with Libya. But what is very dangerous is tolerance, within the Tunisian state, of attitudes different from the one that has been adopted officially. As much as I defend democracy, as much as I defend pluralism of opinions, I nevertheless believe that a government must be one government and not multiple. The Tunisian citizen has every duty and right to know where he stands with respect to the choices made by his government in its relations with a neighbor like Libya, or a neighbor like Algeria, especially since we are in favor of developing toward what we call the Greater Arab Maghreb.

So there are geographic, historic constraints, there is a propensity to desire the realization of that union. Between these constraints and these desires, it is perfectly possible to define an attitude. But the essential thing is that, once it is defined, it must be adhered to.

But in our relations with Libya, there have unfortunately been nothing but nuances, nothing but differences according to the moment, according to the men, according to the ranks occupied by the men at the heart of the government.

The present situation reflects a deterioration in the Libyan regime's relations with its opponents. This is a fact, one that Tunisia did not invent.

What we do know is that there is nevertheless significant discontent in Libya. It is up to the Libyans to solve that problem.

In my opinion, Tunisia has had nothing to do with what is happening. But I believe that the attitude toward al-Qadhdhafi, vis-a-vis the Libyan regime's reactions with regard to Tunisia, is an attitude that must be maintained in its present form until there is a complete, frank and public explanation from the Libyans of what has happened.

Our representative in Libya has been recalled and relations have been frozen, as they say. I believe relations with Libya have to be frozen for the time being before resuming relations, in one form or another, with al-Qadhdhafi.

8946

CSO: 4519/175

HUMAN RIGHTS LEAGUE ISSUES REPORT ON DECEMBER-JANUARY EVENTS

Tunis LE TEMPS in French 24 May 84 p 3

[Text] The report of the analysis and investigation commission established following the bloody events of the end of December 1983 and beginning of January 1984 by the Tunisian Human Rights League (LTDH) was delivered to us yesterday by the LTDH. The report throws new light on the events, their causes, and the reaction of the various parties: the government, people, and information media. Without comment, we bring you the main content of this report.

The commission's report, in an introduction, expressed the following view:

"The issue lies not so much in the circumstances of deterioration of public order as in analysis of the causes and roots of the public ground swell that followed the measures raising the price of grain products and their derivatives.

"Also, highest priority was given in questioning--not to the reasons why the police were incapable of maintaining control of street movement and crowds--but rather to investigation of the circumstances under which hundreds of Tunisian citizens were wounded or killed for having demonstrated to defend their right to a minimum subsistence level.

"The difference between the two approaches--the government's and that of the League--was thus clear. In face of this situation, and responding to the appeal of numerous national organizations of a political or professional nature for establishment of an independent investigating commission, the LTDH decided to form such a commission itself."

Promote Serious Thought

After giving the composition of the commission, the report reviews its objectives:

"1. Promote calm and responsible thinking about the political, economic, and social causes, and more generally the manifestations of the crisis of society that the country is experiencing and that drew it into the grave events of the end of December 1983 and the beginning of January 1984.

"2. Identify to the extent possible, through this effort of reflection and rigorous comparison of the accounts obtained, the responsibility of all the parties involved in the unfolding of these events.

"3. Contribute to establishing an accounting of the victims, dead and wounded (number and circumstances), as well as the damage to institutions and public and private property."

Analyzing the political, economic, and social context, the report affirms, in regard to the political dimension, that:

"Any observer attentive to the Tunisian reality cannot deny the scope of the achievements and changes of these last 30 years. In addition to these indisputable gains by the Tunisian people, there are sometimes significant somber areas that draw attention.

"First, there is the more and more flagrant incapacity of the official institutions--in particular the political institutions--to achieve the mobilization and channeling of the broad popular masses.

"The sustained population growth and the development of attitudes and aspirations have aggravated this situation." And the report adds:

"The erosion of the credibility and representativeness of the elected institutions has hence created a political vacuum that is even more disturbing in that the dialogue between citizen and public authorities has been reduced to its simplest expression. However, it is only through this dialogue that the two sides can preserve the coherence and endurance of the social whole, thus also insuring the conditions for its evolution toward a better future.

"This observation is hardly new, and at least 4 years ago the government became aware of the risks of such a situation. Steps were taken to moderate the effects of this division. An initiative was begun on the level of political freedoms and on the social level.

"However, the hesitations that accompanied these measures and the efforts to negate their essence significantly affected the credit for the gains made. Indeed, no tangible reform was undertaken in the existing official institutions and organizations, particularly those in direct contact with the people, and the November 1981 legislative election produced a failure and serious disappointment.

"There we have abundant facts to explain why the political vacuum could not be overcome and why the consequences of the situation worsened as days went by.

"Also, is it not amazing that the official institutions proved totally incapable of foreseeing the reactions of the citizens, in all their social diversity, to measures having a major impact on the daily life of the people.

"Likewise, that they were unable to succeed in the consciousness-raising effort to motivate the citizens and involve them in the responsibility for decisions affecting their daily life.

"Finally, the determination to keep the legal opposition on the sideline of debates and decisions on the major national issues, and the continuance of political trials, suspensions of newspapers, and the monopoly of audiovisual media, were all factors that did not contribute to channeling the popular discontent or demonstrating response by public authority to the real concerns of public opinion.

"It was under these conditions that the popular protest was launched in face of the government's increase measures. The street pressure was even greater and less controllable because it showed no inclination to pay any attention to the directives of official institutions or to show discipline in their regard. In the absence of barriers to channel and organize its progress, the protest evolved into a formidable torrent, sweeping along pell-mell all kinds of elements."

Desperate...

Analyzing the socio-economic dimension, the report points out the serious disparities among classes and regions. According to the commission, "the majority of the demonstrators were from a social category that has unfortunately not thus far been given any thorough study that might lead to incorporating it both in the production process and in the social hierarchy as a whole.

"Indeed, the number of idle and unemployed citizens has continued to grow at an increasingly rapid rate. Bitter products of school failure in the early stages of education, young people annually swell the ranks of the unemployed, joining in aimlessness and idleness those who have resigned themselves, because of lack of prospects, to the crowding of the prisons and the many crime networks. To this world of dropouts and discarded people, one should add the continuing waves of rural exodus and all those who have no alternative but to accept minor, illegal occupations and temporary work, occasional and unreliable.

"Paralleling this process, a class of businessmen engaging in parasitic and speculative activities grows constantly stronger (...)

"The gap between these two worlds has been aggravated by the behavior of the authorities. While the affluent have all the resources to defend their interests, those excluded from the growth are faced with the indifference of the public authorities on the social and cultural level. Not having connection with any authority to defend their interests or any institution that could ease their burden or involve them, in any manner other than authoritarian, these forgotten ones in the growth almost come to lose all objective relationship with the rest of society."

The report also stresses "the confirmed divorce between the institutions and the youth, a fact that can only cause resentment and violence."

In regard to the General Compensation Fund, the report concludes that the easing of the burden of that institution could have been done "progressively, without demagogy and avoiding any improvisation."

Three Periods

The report then traces the sequence of events, which it divides into three periods according to the nature of the demonstrations, reaction of the authorities, and coverage by the information sources.

The first period covers Thursday 29 December 1983 to Sunday 1 January 1984. Although not without some violence, the events of this period were of a mainly peaceful nature and were not covered by the news dailies and radio-television. In general, the police avoided firing on demonstrators in order to avoid a large number of casualties.

The second period covers 2 and 3 January 1984. The demonstrations, as well as the police reaction, became violent. No political movement yet dominated the demonstrations, which overall preserved a spontaneous and protest character. The police reaction was different from one district to another. It was confused and contradictory.

The report lists the names of the victims on 2 and 3 January 1984.

Gafsa (2 January 1984): Meftah M'hamdi (taxidriver); Samy Daoula (student).

Kairouan (3 January 1984): Hedi Barhoumi (student), Fethi Ouerghemmi (carpenter).

Gabes (3 January 1984): M'hadheb ben Mabrouk Ben Ali (20); M'barek Ben Mbarek (12); Salah Hamdani (27); Khammoussi Ben Meftah Ben Salah; Habib Ben Kraiem (23); Boulbaba Boukhris (15), died at Sfax).

Sidi Bouzid (3 January 1984): Ammar Essakri (died at Meknassy).

Metlaoui (3 January 1984): Mahjoub Boujlel (day laborer, 23); Mohamed Sahraoui (Tunisian Electric and Gas Company employee, 28); Amor Dhahbi (Tunisian National Railroad Company, 29); Fawzi Saidi (student, 16); Anwar Wajdi Majdi (worker, 27).

Ben Gardane (3 January 1984): Abdelkrim Kebiri (12); another child killed in a demonstration.

Jendouba (3 January 1984): Hichem Ayari (student, 19); Mohsen Dridi (student, 18).

Sfax (3 January 1984): Samir Kallel (shoemaker, 27); Samy Ghorbal (carpenter, 18); Abdelkader El Kouni (student, 15); Fakhreddine Ben Chebida (student, 14); Fethi Chtouri (22); Hamid Ettahri (student in 7th year secondary); Ali Sellami; Fawzi Sellami; Jamel M'hiri; Jamel Ammar.

Tunis (3 January 1984): Fadhel Sassi (teacher, 24); Hmida Chamakhi (50);

Mohamed ben Slimane (28); Karim Kablouchi (18); Fethi Fahlah (25); Samy Hosni (14); Mahmoud Cherif (38); Hechmi Gabsi (71); Badreddine Chaibi (20); Jeel Raissi (21); Mondher Trabelsi (14); Kamel Sbai (22); Mounir Hannachi (22); Mondher Khayati (19); Adel Ammar (21); Zoubeir Chihaoui (18); Abdelhamid Mannai (18); Mohamed Mathlouthi (13); Mohsen Sdouga (19); Slim Ouerfelli; Boubaker Rezzgui (26); Mohamed Laassili; Fethi Attia (25); Mohamed Abdi (17); Mohamed Bouraoui (50); Abdesslam Mezni; Mongia Kaabi (32); Adel Khaldi (11); Mohamed Nefzi (14).

The report preparers did not consider it worthwhile to provide a list of all the wounded, "who numbered in the hundreds, hit at the level of the chest and stomach."

After describing the circumstances of the third phase of the events and the police reaction, the report refers to "mass arrests without precedent in the history of Tunisia" carried out on 4 and 5 January 1984.

The report gives the number of deaths as follows: Tunis 29, Sfax 11, Le Kef 10, Metlaoui 6, Gabes 6, Kasserine 6, Medenine 5, Monastir 4, Jendouba 3, Tozeur 2, Kebili 2, Gafsa 2, Kairouan 2, Ksibet Mediouni 1, Tabarka 1, Beja 1, Sidi Bouzid 1, total 92.

The report concludes that the law of 24 January 1969 on demonstrations was not observed. The usual warnings and the various means of dissuasion and dispersal of demonstrators were not used.

These means are:

- Water spraying and baton charge,
- Use of teargas grenades,
- Firing in the air to warn demonstrators,
- Firing over the heads of demonstrators,
- Firing at their lower members.

The report concludes that the raising of grain product prices was the source of the demonstrations.

The report affirms that the information sources did not play their proper role.

Finally, the commission believes that the dead and wounded as a result of these events were the victims of a social crisis. For this reason, it would be just to approve a law for compensation of the victims and their families.

9920
CSO: 4519/173

KNESSET BUSINESS SCHEDULE OUTLINED

Jerusalem THE JERUSALEM POST in English 13 May 84 p 2

[Article by Aryeh Rubinstein]

[Text]

Although the Knesset has voted for its early dissolution, a normal summer term will open tomorrow. In view of the forthcoming elections, however, the summer session will be a short one. Instead of winding up at the end of July, it is scheduled to last only until Monday, June 4th, which is two days before the Shavuot holiday.

The Tenth Knesset will remain in office until the Eleventh Knesset is convened; until then it can be called together for special session, either by the government or at the request of 30 members, as is the case during any Knesset recess. In 1981, the Ninth Knesset held two special sessions during the pre-election recess both at the request of the Alignment.

According to Knesset rules, a new session convenes at 4 p.m. on the second Monday after the publication of the election results in *Reshumot*, the official gazette. In 1981, the results were gazetted 10 days after the elections. Unless the count this time takes much longer, the Eleventh Knesset will convene on August 13.

On this week's Knesset agenda, which is subject to change, according to the Knesset Secretariat, are surveys by Finance Minister Yigal Cohen-Orgad and Industry Minister Gideon Patt on the work of their respective ministries, followed by debates.

In fact, such ministerial surveys will probably constitute most of the

House's agenda during its brief summer term. These surveys are an integral part of the debate on the state budget, but the Knesset long ago gave up the attempt to hear these surveys before voting on the budget. Whatever ministry surveys are not debated before the vote on the budget are debated afterwards, in which case the minister's report is put to a vote.

Only six ministry surveys were debated before the budget vote at the end of March, leaving a remainder of 12. Last year, although the summer term lasted the usual two-and-a-half months, some ministry surveys were never delivered.

Under Knesset rules, motions for the agenda are not heard in the first week of a new term. Still, the Presidium may decide to make an exception and recognize as urgent a motion submitted by Mordechai Virshubski (Shinui) calling on the House to denounce the activities of the so-called Jewish underground.

According to the Justice Ministry spokesman, 26 government bills that passed their first reading in the Tenth Knesset are now in various Knesset committees. In addition, 16 bills that passed their first reading in the Ninth Knesset, and to which the Tenth Knesset applied the continuity rule, are also in committee. Since the government coalition cannot be said to exist, only uncontroversial bills — and only some of them — are expected to become law in the Tenth Knesset.

LEGALITY OF KACH RUNNING IN GENERAL ELECTION DISCUSSED

Jerusalem THE JERUSALEM POST in English 15 May 84 p 8

[Article: "The Case Against Kach"]

[Text]

EARLIER this month a Jerusalem magistrate sentenced four members of the **Kach Movement** to prison terms of up to 120 days for unruly behaviour, trespassing and assaulting the police. Pointing out that the four had been engaged in denying the right of free expression to persons with whom they disagreed, Judge Uzi Sivan observed that the Kach Movement, led by Rabbi Meir Kahane, "explicitly rejects the democratic character of the State of Israel."

Now Kach proposes to take advantage of the democratic right of free expression to run again in a general election.

Three years ago the majority of the Central Election Committee, disregarding the advice of its chairman, Supreme Court Justice Moshe Etzioni, allowed Kach to run. But because the list failed at that time to win a single Knesset seat, the question of its certification has now resurfaced. The present Central Election Committee, under Justice Gavriel Bach, is due to make its ruling soon.

Even if it receives the nod again, Kach is not likely to sweep the polls. There are not very many Israelis who will vote for the lunatic fringe group whose programme of clerical fascism calls for the establishment of an all-Jewish, Arab-free state stretching from the Nile to the Euphrates, in which a totalitarian version of Judaism will oust democracy as the form of government. But some Israelis *will* cast their ballots for Meir Kahane. And, in theory, he could, under the country's system of proportional representation, gain admittance to the nation's legislature.

Thus Israel's leading racist demagogue would gain parliamentary immunity – and possibly a sort of legitimacy – for the propagation of an obscene travesty of the Israeli creed.

But is this reason enough to bar Meir Kahane's list from running in the July 23 election? In a democracy, after all, the electorate is sovereign. Kach members may be indicted for violating the law by denying to fellow citizens the right of free expression, or for that matter by fomenting hatred between Jews and Arabs, or by endorsing terrorism. But so long as candidates to the Knesset are not required to subscribe to the principles of the Declaration of Independence, that require-

ment – so it could be argued – should not be made of Kach. The committee's decision in 1981 was, therefore, correct.

This, however, is not necessarily the law of the land. Nearly 20 years ago a majority on the High Court, in the so-called El-Ard case, laid down that even in the absence of a rule of positive law to that effect, the Central Election Committee was bound to deny approval to a list whose promoters sought to undermine the very existence of the state. That obligation flowed from the natural right of a state to self-defence, which might be said to transcend the constitution itself.

Although the court emphasized that its decision did not apply to attempts to change the state's internal political regime, it clearly indicated that the concept of "existence" embraced not only the Jewish but also the democratic character of the State of Israel. Speaking for the majority, the court's president, Justice Shimon Agranat, cited with approval a statement made by Justice Alfred Witkon in an earlier case:

"No free system of government will offer aid and recognition to a movement which aspires to undermine that very system of government... It has often happened in the history of states with well-established systems of democratic government that various fascist and totalitarian movements had converged upon them using the rights of freedom of speech, press and association, granted by the state, in order to conduct thereunder their destructive activities. Anyone who witnessed that process in the Weimar Republic will never forget the lesson."

The mere fact that the Kach Movement, unlike the Socialist List of 1965, is Jewish and not Arab should not induce the Central Election Committee to ignore the judge's admonition.

NEW COST OF LIVING AGREEMENT CRITICIZED

Jerusalem THE JERUSALEM POST in English 23 May 84 p 3

[Article by Roy Isacowitz]

[Text]

TEL AVIV. — The cost-of-living agreement signed last week by the Histadrut and the Coordinating Bureau of Economic Organizations, representing the private employers, has been criticized as being a poor replacement for the agreement that expired last March.

Both the Likud and the Shinui factions in the Histadrut have pointed to the low rate of payment specified in the new agreement as proof that it cannot protect wage earners from the ravages of inflation. The Finance Ministry, for its part, has leaked statistics intended to show that the new agreement will lead to an annual erosion of real wages of more than 15 per cent — which is in line with Finance Minister Yigal Cohen-Orgad's policy.

The Histadrut, on the other hand, maintains that the agreement, supplemented by yet-to-be-negotiated wage agreements, will provide adequate compensation for wage loss due to inflation.

The truth appears to lie somewhere in between. The agreement is predicated on the need to provide faster compensation in times of high inflation, and to iron out the sharp ups and downs that have characterized recent paychecks. The agreement also has psychological value, in that workers will be compensated monthly as the inflation spirals upwards.

On the surface, the new agreement is indeed a poor substitute. Whereas the old agreement provided for compensation of 90 per cent for quarterly inflation of over 30 per cent — amounting to 10 per cent or more a month — the new agreement pays out at only 80 per cent if monthly inflation rises above 12 per cent. Calculating what would have been paid in the first quarter of this year had the new agreement been in force, and comparing

that figure to what was actually paid under the old agreement, one finds that the compensation under the new agreement lags by several per cent.

But payment under the old agreement was delayed by up to three months, whereas payment under the new system of payment is made monthly, or at the most bi-monthly. Prices rose by more than 42 per cent in the first quarter of this year, which resulted in severe erosion of the increment that was paid. That erosion would have been far less under the new system.

Therefore, keeping in mind not only the total sum of compensation paid over the quarter, but also the erosion of that compensation, the new agreement gives the better deal. In times of high inflation, monthly payment of 80 per cent of the price rises is preferable to quarterly payment of 90 per cent.

The new agreement appears to be based on the assumption that inflation will continue to run high for the next two years. If that turns out to be the case, the annual average wage erosion will be 9.8 per cent, according to Histadrut calculations. The erosion under the old agreement would have amounted to 12.1 per cent.

These figures are not easy to check. They are deduced from a model based on data from the past five years. Simple month-by-month comparison shows erosion of 15 per cent and over — as contended by Finance Ministry sources, though denied publicly by ministry Director-General Emanuel Sharon — but the Histadrut insists that its model is more accurate.

It all seems to depend on the raw data fed into the computer to build the model, such as whether it is based on the calendar year or the financial year — which is the basis of the Histadrut model.

The best – or worst – that can be said is that the new agreement, like the old, contains a certain amount of built-in erosion. That factor will be one of the subjects of the coming wage talks.

Histadrut officials reply to criticism of the low floor of the new agreement by arguing that it was necessary to allow some leeway in the wage negotiations. Had the Histadrut demanded 100 per cent C-o-L compensation, they say, there would be nothing left to use as a negotiating tool now.

That is not strictly true. The wage talks – more accurately called work-agreement negotiations – are concerned with far more than C-o-L compensation. They deal with work conditions, minimum wages, and productivity bonuses, to mention but a few additional elements. In fact, the negotiations for new work agreements need not be concerned with C-o-L increments at all.

Nevertheless, the work agreements are viewed by the Histadrut as one of the three legs of its policy to guarantee real wages. The other two are the C-o-L agreement already signed, and the revision of tax brackets, which is in the hands of the Finance Ministry. While the work agreements are normally signed for two years, the clauses dealing with wages are usually revised after six months or a year. The expectation in the Histadrut is that the work agreements will supplement the C-o-L agreement to cover its built-in erosion over a period of up to six months.

The payment of such compensation under the work agreements was one of the factors taken into account when the Histadrut calculated its annual erosion of 9.8 per cent. Without such compensation, annual erosion would be much higher.

BEDOUIN RESETTLEMENT PROGRAM DISCUSSED

Jerusalem THE JERUSALEM POST in English 23 May 84 p 3

[Text]

BEERSHEBA. - About 250 Beduin families camped on the perimeter of the Nevatim air base at Tel Malhata in the Negev will soon be relocated, officials hope.

Resettlement of the Beduin in the area of the base has been going on for three years, under the aegis of an "implementation authority."

The authority's southern district head, Hazi Yehezkieli, yesterday told *The Jerusalem Post* that most of the Beduin have already been resettled in the newly built towns of Kuseifa and Arouar. He said the project had been so successful that Saudi Arabia was interested in applying it to its own urbanization projects.

Nevertheless, the existence of a new body dealing with Beduin affairs has sparked jealousies, and a feud seems to be growing between

the specially set-up authority and the long-dormant Supreme Committee on Beduin Affairs, headed by Prime Minister's Adviser on Arab Affairs Beyamin Gur-Arye.

Gur-Arye reportedly wants the authority wound up, but Yehezkieli opposes this. "the Beduin evacuated the fields only on the strength of our word," he said, "and we must carry on to the end."

Yehezkieli makes no secret of his willingness to involve the authority in further urbanization schemes to urbanize all Negev Beduin.

The budget for investment in Negev Beduin projects in the current year is IS 1 billion, Gur-Arye yesterday told a symposium at Haifa University. A further IS200 million is to be spent on Beduin in Galilee. But the government has no intention of extending the 14 settlements there or of recognizing others.

CSO: 4400/253

FIVE NEW WEST BANK SETTLEMENTS PLANNED

Jerusalem THE JERUSALEM POST in English 15 May 84 p 1

[Article by Joshua Brilliant]

[Text]

The Ministerial Settlement Committee yesterday approved the establishment of five new settlements in Judea and Samaria.

Some are to be established by the World Zionist Organization's settlement department and some by private groups. Hachlili ("Reddish" in Hebrew) will be set up on a mountain ridge some three kilometres southwest of Hebron. Initially it is to house about 40 families.

The committee also decided that the Nahal outpost at Migdalim (Towers), some six kilometres west of Ma'aleh Ephraim, will become a civilian settlement.

The co-chairman of the WZO's settlement department, Matityahu Drobles, said it will be impossible to establish these settlements unless the Finance Ministry provides an additional budget for them.

The committee yesterday gave the green light to private entrepreneurs to build settlements in western Samaria, near the former armistice lines.

Neria will be established near Elkana, northeast of Petah Tikva. Ya'arit will be set up at Tzur Natan.

A fifth settlement - Adam - built by the Housing Ministry as part of

metropolitan Jerusalem will rise in the Jaba (Geva) area, eight kilometres north of the capital. The settlement is to house a group of former residents from poor neighbourhoods in the capital who squatted at the ruins of the Good Samaritanian off the Jerusalem-Jericho road several months ago. The group agreed to move near KfarAdumim temporarily and yesterday the committee decided on Adam as the site for their permanent settlement.

A well placed source yesterday leaked to reporters the text of a letter that WZO executive Chairman Arye Dulzin wrote to the committee's acting chairman, Yuval Ne'eman. The letter was written after Settlement Department co-chairman Ra'anan Weitz walked out of a meeting criticizing decisions on settlement. Dulzin wrote that a Weitz's behavior had been "undignified."

Dulzin stated in his letter that WZO accepts "that placement of settlements across the Green Line will be carried out in accordance with the policy of the government of Israel. This is how we have acted and I have no doubt that this will also be our policy in the future," he wrote.

OSU: 4400/245

BRIEFS

UNEMPLOYMENT UP--The number of unemployed continued to increase during the first months of 1984. Figures released yesterday by the Central Bureau of Statistics showed that there were 80,000 unemployed by the end of March--representing 5.7 per cent of the labour force. The figures showed that at the end of September 1983 there were only 56,000 unemployed. This means that during the six months from October, 1983 to March 1984 unemployment rose some 43 per cent. Excluding seasonal factors, the bureau's figures show that unemployment among men was about 5.1 per cent, while among women it reached 6.5 per cent. At the end of September 1983, only 3 per cent of men were unemployed, while 4.6 per cent of women were unemployed. The Finance Ministry declined to comment on the figures. [Text] [Jerusalem THE JERUSALEM POST in English 15 Mav 84 p 2]

CSO: 4400/245

DEBATE SURROUNDING SHARI'AH EXAMINED

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English No 33, May 84 pp 32-33

[Text]

Sharia has recently become a dominant issue in Kuwait. A majority in the Kuwait National Assembly has proposed an amendment to the Constitution declaring that Sharia should be the source of legislation. This has attracted wide publicity, and is being studied by the government, which is preparing its response to the proposal. The Kuwaiti press is divided between those who defend the proposal and those who advocate secularisation.

According to the 1980 census, Kuwait has a population of 1.4 million, about 800,000 of whom are expatriates and immigrants. Kuwaiti society is comprised of a variety of Islamic sects. Thus, the proposal for the application of Sharia raises the question of whether it is feasible in a society with such a structure.

The advocates of Sharia argue that the issue is not totally new. Article 2 of the present Constitution, which has been in force for more than 20 years, provides that "Islam is the religion of the state and Sharia is a main source of legislation." Yet there is something new. The proposal has been put forward in order to take account of the development and widening scope and influence of the Islamic trend in Kuwait.

Some members of the National Assembly proposed in its last session that Article 2 be amended to make Sharia "the main source of legislation" instead of being merely a main source. According to Kuwaiti law Sheikh Jaber al-Ahmad al-Sabah, head of state, has to confirm the proposal before it is discussed. The Assembly was dissolved before the ruler's response, so the first parliamentary proposal to amend the Constitution failed.

A government committee was then established to review the Constitution and

submit comprehensive suggestions for amendment. While discussing Article 2 some members of this committee said that if Sharia were declared to be "the main source of legislation" it would dominate other sources, which would then become secondary to it.

After some controversy, the majority were of the opinion that the proposal was sound, since it did not totally prevent the Assembly's resorting to the other sources in case of necessity. However, the government's proposal for the revision of the Constitution did not include this proposal; the government was inclined to the view that the existing Article 2 provision fully allows for any Islamic legislation that may be desired.

However, some members of the Assembly were still advocating the amendment proposal. A minority of the parliamentarians presented a new proposal: "The religion of the state is Islam and Islamic Sharia is the source of legislation." In April 1981 this was submitted by the Assembly to the government and, after 18 months of consideration, the government replied, in November 1982, that the matter needed "more elaborate consideration."

This proposal that Sharia is the source of legislation probably makes Sharia the exclusive source of legislation. The whole matter is thus confined to the interpretation of Islamic Sharia which itself covers the Quran, Hadith, fiqh and ijtihad rulings.

The influence and pressure of the Islamic trend became clear when 46 out of a total of 50 elected members adopted this proposal. This will guarantee a large majority in favour of the proposal if the head of state gives his consent in principle. The Islamic trend was thus able to secure a parliamentary majority in advance. This

makes it the first case in which Islamisation was accomplished not by a presidential decree but by the act of parliament.

The statement explicitly provides that Sharia is an objective source, which means that its provisions would not become binding unless made into laws by the legislature. There were some fears based on the possibility of chaos ensuing from leaving the legislative machinery in the hands of judges and jurists in the absence of proper legislative instruments. Those fears have now disappeared since prior codification has been recognised as necessary.

The promoters of the second proposal, to which the government did not reply, assured the government that their proposal does not contradict the constitutional provision on the issue of vesting the ruling authority in the hands of the Al-Sabah family. The proposal, however, laid down the principle of Shura (Islamic counselling system) that would bring the system in line with Islam. Observers say that the new proposal and its explanatory statement was practicable in that it provided for a gradual application of Sharia.

Will the government approve the new proposal, or will it consider it as part of an electoral campaign by potential MPs for the 1985 elections? Will Sheikh Jaber give his consent to the proposal in principle, after which the Assembly would start its elaborate discussion? Or will he withhold such consent, so that the proposal would automatically expire? The matter, according to observers, is no longer a social earthquake capable of shaking the basis of Kuwaiti society, and the amendments included in the new explanatory statement curb the effects of the new proposal and render the proposed provision, to a great extent, equal to the existing one. The only difference is that the new one satisfies the feelings of the public.

Both the Assembly and the government

agree that Islam is the religion of the state, and that Sharia is a main source of legislation. They differ as to the degree to which Sharia should be applied in Kuwait under the present circumstances. Some are afraid of narrow interpretations if the new proposal is passed, while others think that the proposers do not guarantee the maintenance in future of the ruling system. Their explanatory statement provides that the proposed amendment does not introduce any implication that would substantially differ from the meaning of the existing provisions relating to the system governing the ruling authority. In other words, this means that differences that are not substantial might occur.

But what direction would such variations take, and to what extent would they affect the governing patterns enjoyed by Kuwait? That is not yet clear, and there is apprehension, because the existing system does not give the ruler absolute authority. It is based on a government responsible to parliament, a National Assembly for supervision and legislation, and a judiciary that is independent. Therefore, there is a fear that in the future the Islamists might demand that the role of the ruler be changed from that of a referee for the three powers to an authority based on a religious status.

The discussion continues. Some say that the existing provision on Sharia suffices, and that all it needs is a governmental or parliamentary guideline for the interpretation of legislation. Some advocate secularism. Still others strongly support the amendment proposal on the grounds that the Sunni-Shia structure does not constitute an obstacle since Islam can accommodate both.

A resolution has recently been passed by the Gulf Cooperation Council (GCC) for the development of legislations in accord with Sharia. This supports the present proposal for amendment. The National Assembly will resume its sessions for the next term in a few months.

PLANS TO SELL OFF ASSETS TO END AL-MANAKH PROBLEMS DISCUSSED

Paris AN-NAHAR ARAB REPORT & MEMO in English 14 May 84 pp 6-7

[Text]

Kuwait's decision to realise assets frozen following the Souq al-Manakh crash in summer 1982 has led to a fresh upturn on both the official stock exchange and the unofficial Manakh across-the-counter exchange, local financial sources said last week.

Prices on the official exchange rose by ten per cent in the week before in anticipation of the announcement, while the Manakh index rose from 200 to 265 in the same period.

But the new measures, which will put up to 510mn Kuwaiti dinars (\$1.73bn) into the local financial market, have already prompted fears of another uncontrolled boom.

The assets, frozen by a government-appointed arbitration panel, will be used to pay off debts outstanding for nearly two years.

The Manakh exchange collapsed in June 1982 leaving behind a mountain of unpaid post-dated cheques valued at about \$94bn. The speculative boom in share options collapsed when cheques, which in some cases included premiums up to 400 per cent above the share prices, began to bounce.

The collapse of the Manakh exchange – which dealt in non-Kuwaiti companies – brought in its train a collapse of prices on the official stock exchange.

The new plan will establish four property companies and four investment firms to administer a KD240mn (\$816mn) fund to mortgage or buy property assets of insolvent debtors.

In addition, a group of banks will set up a KD150mn (\$510mn) fund to pay creditors of indebted dealers referred to the arbitration panel. Large dealers will be given up to 18 months to pay off their debts after posting securities acceptable to the investment funds. The funds will issue guarantee bonds against the debts of smaller dealers.

The investment companies, in a move to strengthen current share trading, will advance KD60mn (\$204mn) to support prices on the official exchange and a further

KD60mn to guarantee prices on the Manakh exchange should a slump threaten.

Last month, the Kuwaiti government withdrew direct support from the official exchange for the first time since October 1982, when it intervened to prevent the repercussions of the collapse reaching other parts of the economy. The support is reported to have cost the government about \$3bn over 18 months.

Budget Deficit Means Aid Cuts

Kuwait will not be able to meet all its foreign aid commitments during 1984 because of its budget deficit, the foreign minister said last week. Sheikh Sabah al-Ahmad Al Sabah told Al-Anbaa that the 1984 budget deficit, which is estimated at KD779.9mn (\$2.65bn), would not allow Kuwait to pay all its foreign commitments under the 1978 Baghdad Summit conference resolutions, which are the framework for aid to "frontline" states, including Syria, Jordan and the Palestine Liberation Organisation.

Estimates of the 1984 budget, which runs from July 1, 1984, do not include earnings of Kuwait's foreign investments. The value of foreign investments in 1983 amounted to KD12.53bn (\$42.5bn), according to Jasim al-Khorafi, chairman of the parliamentary financial and economic committee.

He also said the Poterillo Fund for Future Generations, which is designed to secure Kuwait's welfare when oil exports stop, totalled KD9.39bn (\$31.8bn). The amount of Kuwait's foreign reserves are KD21.8bn (\$73.96bn), the Audit Bureau reported at the end of last month.

France Wants More Kuwaiti Investment

The issue of Kuwait's investments abroad was taken up by the visiting French economy minister, Jacques Delors, who told a press conference in the Gulf State that he wanted Kuwaiti businessmen to develop their investments in France, particularly in the economy, tourism and property. He said his talks had also dealt with tax problems faced by Kuwaiti investors in France.

Kuwait foresees higher Opec quotas

Kuwait has joined a number of fellow member-states of Opec in asking for higher export quotas. The oil minister, Sheikh Ali Khalifa Al Sabah, said last week that he saw no prospect of a price rise during 1984 but hoped that the market might pick up enough to allow an increase in export sales.

Iran, Iraq, Nigeria and the United Arab Emirates have also asked for increases in export quotas.

At its meeting in Vienna at the beginning of the month, the key Opec Market Monitoring Committee decided to maintain its total production at 17.5mn barrels a day and the marker price for crude oil at \$29 a barrel.

Kuwait's oil revenues fell by more than half from 1982 to 1983, from KD5.9bn (\$20.23bn) to KD2.8bn (\$9.6mn).

LABOR UNION CELEBRATES MAYDAY

Kuwait AL-FALI'AH in Arabic No 841, 9 May 84 pp 14-16

[Article: "In Kuwaiti Workers' Mayday Celebration: Emphasis on Unity of Labor Union Movement and on Its National Democratic Labor Line"]

[Excerpt] The Kuwaiti workers have held their international celebration--their Mayday celebration, the symbol of their unity of struggle for liberation, progress and democracy.

The General Federation of Kuwaiti Workers has held a labor and popular rally which has been distinguished this year by a massive attendance and rich participation by a number of popular organizations. In addition to unionists and workers, the rally was attended by the minister of social affairs and labor, a number of deputies, national figures and diplomats. The rally platform was bedecked with bouquets of roses.

Workers Federation's Address

The address of the Federation of Kuwaiti Workers, delivered by 'Ali al-Kandari, the federation's general secretary, renewed the demand for considering Mayday an official holiday. The address also pointed out that this year's celebration comes on the eve of the 20th anniversary of the founding of the Kuwaiti labor movement, which has been built on democratic bases. During this period, the movement has adhered to the line of defending the workers' rights and interests and their demands for improved working and living conditions. The movement has also followed a firm democratic national line and has cemented its relations at the Arab and international levels. The address added:

The presence of a Kuwaiti labor union movement is a big gain for the working class and for the other groups of workers in Kuwait. Out of loyalty to the interests of the workers and to the efforts of the early pioneer labor unionists, it is our duty to safeguard the unity of our movement and its national democratic labor line, to exert utmost efforts to bolster its role and its position among the workers' ranks and to work with a responsible and constructive spirit to overcome the negative features and the obstacles facing our good march forward.

The federation reviewed the workers' demands, stressing the need to fulfill them. These demands are the following:

First, improving the working and living conditions of the workers in all the sectors, tying the ladder of wages and salaries to the rise in the cost of living, exerting efforts to curtail inflation and refraining from saddling the workers and citizens with low incomes with additional burdens because of the deficit in the budget revenues.

Second, introducing proper amendments to the labor law, with the amendments providing in the government sector for calculating the hazardous pay allowance on the basis of a certain percentage of the salary and in a manner that rewards all the workers deserving this allowance, for restoring the earned right forfeited by the Civil Service Law--a right providing for an annual vacation of 45 days--and including a provision covering work-related accidents and injuries in the government sector. This requires that one of the labor union leaders take part in the Civil Service Commission to explain the viewpoints of the workers and the unions before decisions involving them are made. The amendments in the oil sector must also provide for unification of the workers' gains and benefits in the oil companies. Issuance of the labor law for the private sector must also be expedited. Our federation has taken part in the committee drafting this law.

Third, attention must be devoted to developing and enhancing the national labor force, to expanding the technical and vocational training institutes and centers and their spheres of training and requiring the private and joint sectors, as well as the oil sector, to employ a larger percentage of Kuwaiti manpower, especially in the sphere of production. We must point out here the noticeably low percentage of Kuwaiti manpower, especially in the oil sector and industrial sector.

Fourth, devoting serious attention to the vocational health and safety conditions, especially in the oil companies, in order to protect the workers from work-related dangers and accidents and to preserve the material components of production.

Fifth, the social security system must include all the workers and this can be done in accordance with suitable regulations and arrangements for those who have no citizenry and for non-Kuwaitis.

Sixth, approving the right of union leaders to devote their full time to union activity and considering Mayday an official holiday with paid wages.

The federation also voiced the following general demands which concern the broadest sectors of the Kuwaiti people, not just the workers:

1. Solving the problems of housing and rents so that the demands for housing may be met and amending the rent law so as to establish controls that curtail the rise in rents and eliminate the injustice inflicted on tenants.

2. Devoting serious attention to the issue of education so as to insure that the opportunity is provided for high school graduates to continue their university education, to increase the number of technical and vocational training institutes and to tie the educational curricula with the requirements of developing the national economy and society.

3. Approving women's rights and equating women with men, especially insofar as the political rights to voting and nomination are concerned, and supplying kindergartens for the children of working women.

4. Introducing democratic amendments to the citizenship law to insure that those who deserve to acquire Kuwaiti citizenship attain their right to belong to their country and to eliminate discrimination between the citizens on the basis of "birth right" and "naturalization."

The federation's address also noted the intensifying problem of the deficit in the revenues of the state's general budget due to the reliance on a single source, namely the sale of crude oil. The address demanded that the production base be broadened and that the sources of income be diversified in order that this deficit may be overcome.

The federation announced that while it supports the policy of rationalizing spending, it is opposed to having such a policy take the single direction of saddling the workers and those with low and limited incomes with additional burdens by curtailing the necessary social spending provisions and by levying additional fees on public services. The federation has demanded instead that income taxes be levied on firms and banks. The federation has also noted that a sum of 150 million dinars, i.e., the same sum allocated in the past budget, has been allocated for the expropriation of lands and real estate at a time when the situation demands that this unnecessary provision be reduced. The federation has expressed appreciation for this step to prepare a draft 5-year economic and social development plan to be implemented as of 1985-86. It has demanded that this plan not be allowed to end with the same fate of the previous 5-year plans which were prepared but never implemented, remaining mere ink on paper. It also demanded that it participate in preparing this plan, as it did in the past. The federation further noted the series of financial and administrative violations witnessed by the state agencies and by the public sector--violations embodied in the misuse of power and in the manipulation of public monies. The federation reiterated its demand that bribers and influence peddlers be brought to strict accounting, that their crimes against the national economy and the public monies not be swept under the rug and that an independent administrative control authority be formed.

The federation also said in its address that the most serious phenomenon which has intensified recently is the phenomenon of sectarian fanaticism being fanned by some circles that are not concerned with the national unity of the Kuwaiti people to serve narrow objectives and ends and to divert the attention of our people from their fundamental issues. The federation has warned of the consequences of sectarian fanaticism and of its impact on the unity of the

Kuwaiti people, urging the vital forces of our people to renounce sectarianism and those who fan it and to concern themselves with the unity of the Kuwaiti people.

The federation's address also reviewed the federation's positions toward the current Gulf, Arab and international issues. It has called for putting an end to the Iraq-Iran war through a just democratic solution, has denounced the U.S. military presence in the Gulf and has considered this presence a direct threat to the independence, sovereignty, security and stability of the area's states. The federation's address also greeted the Arab national liberation movement's accomplishment embodied in cancellation of the 17 May accord and in forcing the multi-national forces to depart from Lebanon.

It added that capitulation is not our inevitable fate, that the path is the path of strife and struggle and that the matter depends fundamentally on the degree by which the Arab masses' liberties and capabilities are released and relied upon, on the degree of the unity of the forces of the Arab national liberation movement in every Arab country and on bolstering the alliance with the constant friends of the Arab peoples. The matter also requires recruiting all the Arab economic and political capabilities and resources to serve the cause of the struggle against the Israeli aggression which is supported by U.S. imperialism and to achieve a minimum degree of unity in the Arab struggle hostile to imperialism and Zionism.

The address also pointed out that we aspire to see the PLO restore its unity on a progressive basis hostile to imperialism and Zionism and see it abide by the resolutions and policy of the 16th session of the Palestine National Council so that it may be able to continue its struggle to achieve the legitimate national rights of the Arab Palestinian people, especially their right to their independent state.

The federation also noted the struggle of the peace forces in the entire world against the escalation of the nuclear armament race launched by U.S. imperialism and by the NATO member states and demanded the withdrawal and dismantling of U.S. medium-range nuclear missiles in Europe which can reach and threaten the Arab area also so as to eliminate the danger of the outbreak of a devastating nuclear war.

The address added that the issue of defending peace has become the number one issue of all mankind. In the name of the Kuwaiti working class, our General Federation of Kuwaiti Workers expresses its support for the struggle of peoples against imperialism and for freedom, national independence, democracy and social progress. We denounce the U.S. imperialist aggressions and provocations against the liberated countries. We especially denounce U.S. acts against the Nicaraguan people and the U.S. intelligence's mining of the Nicaraguan ports and acts of sabotage against Nicaragua.

8494

CSO: 4404/457

POLITICIZATION OF DIWANS ENCOURAGED

Kuwait AL-TALI'AH in Arabic No 839, 25 Apr 84 p 9

[Article: "Diwans: From Courtesies and Acquaintance-Making to Political Debates"]

[Text] We have made in some previous editions of AL-TALI'AH a number of observations regarding the election movements for which preparations are being currently made and we have demonstrated the reasons for these movements and their importance in enriching this period with ideas, issues and approaches projected by those who want to assume the responsibility of parliamentary action. We have also demonstrated at the same time the scarcity of the popular presence in popular organizations and the confinement of such movements to the diwans [al-diwanayat] that are found in all the election districts and where the citizen can express and hear ideas. These diwans can be healthy places for discussing the country's issues with all their dimensions. Here is where the opportunity for this ordinary form [of socialization], namely the diwan, to become an effective instrument in discussing the country's affairs with all the candidates.

Previously, the diwans were considered an instrument of social courtesy through which the candidate passed to get acquainted with and to greet those frequenting the diwans and to leave with wishes for success in the elections, without any issues being raised and without [the voters] getting the chance to know the thought, ability and capability of the candidate to engage in parliamentary action.

This condition was prevalent in most of the diwans. This being the case, those frequenting the diwans steered clear of raising any issue whatsoever or even talking with the candidate to spread political awareness among frequenters of the diwans so that they may be able to discuss their issues with utter freedom and understanding.

With increased popular awareness, this picture has begun to change and this "popular instrument" has been transformed into an advanced framework for raising the issues that concern the citizen. The essence of the visit has become the issues raised and the ability of the candidates to discuss them, not courtesies and acquaintance-making. This, actually, has not come about as a result of the candidate himself but has rather emanated from frequenters

of the diwans who no longer ask the candidates visiting them for greetings and smiles but who want to bring up issues for discussion so that they may be able to select the best representatives for parliamentary action.

This phenomenon is one of the reasons for the "early movement" for the upcoming parliamentary elections. It is a movement with a sophisticated intellectual content, compared to the previous elections. Any intellectual movement within this framework will eliminate tribal, sectarian, clannish and material impurities from the parliamentary movement. Therefore, it is not at all surprising that some deputies have proposed that the government advance the date of the upcoming elections and reduce the period of popular preparation for these elections. It is as if the process is just one of getting to the assembly and not one of broad popular understanding of the people's issues so that the people may defend these issues with their popular movement. This is basically what happened when the government made its proposals to the present assembly to change some articles of the constitution.

This is why we have to bolster this new phenomenon in Kuwait by creating the instruments through which the citizen can voice his opinion at a broad level. Sound democratic action does not just consist of so and so getting to the assembly but also consists of spreading awareness with its democratic mainstay--awareness of the issues of democracy, of economy and of policy and other issues. Moreover, the process [of diwan debates] does not end with the end of the elections but must continue because it is the main backup for parliamentary action.

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REGULATION OF RELIGIOUS SERMONS URGED

Kuwait AL-WATAN in Arabic 18 Apr 84 p 10

[Article by Ahmad 'Abdallah al-Nuri: "Need to Regulate Religious Preaching"]

[Text] Does the government permit anybody to practice medicine without Having a university degree from a school of medicine? Of course not. Does the government permit anybody to practice the profession of engineering without having a university degree from a school of engineering? Also not. Does the government permit anybody to open a law office without having a university degree from a law college? Absolutely not. But does the government permit anybody to engage in religious preaching and interpretation without having a degree from any college? Yes, this is permitted at present.

Why doesn't the state make it conditional that those who engage in religious preaching and education professionally acquire a college degree? is it because religious preaching and education is not as serious as practicing medicine, law or engineering?

A wrong sermon given to a wife regarding her relationship with her husband may cause the marriage to perish. The common people view religion with sanctity and, consequently, view clergymen as holy men. Whatever the clergymen say is applied with sincerity as the word of God and of His prophet. If the preacher lacks capability, intelligence, integrity and full knowledge of the religion, his sermon will undoubtedly be faulty and such a fault is more serious than the fault of an ignorant physician, an ignorant lawyer or an ignorant engineer because the preacher's fault affects a larger number of people, may destroy the stability of an entire country, may provoke endless sectarian wars, may destroy the mind of an entire generation of youth or may put an entire nation on the path of backwardness, poverty and ignorance for hundreds of years.

In our present situation, whoever wishes to speak in the name of God and His prophet does so without any deterrent or control. Everybody is nowadays saying this is permitted and that is forbidden. They say it from mosque podiums, on television screens and through the radio and the press.

All that the country is suffering from the instability of some laws issued recently--laws which put pressure on personal liberties, require women to wear

veils in a miserable manner and force young men to retreat into their own shell in a manner that has denied the country their creative activity and thought--is due to the religious chaos to which we find no control, watchdog or regulator.

The situation in Europe was the same several hundred years ago [and continued to be so] until the Europeans became aware of it and regulated it to the point where a European religious preacher nowadays needs 12 years of studying in the sphere of sermons to be allowed to engage in this profession. Europe went through eras in which blood flowed like rivers because of uncontrolled and unregulated religion.

Religion is like water or fire. It is indispensable to the human soul. But at the same time, the soul can drown in it or be burnt by it if it is without controls. I mean by fire all forms of energy.

The Iraq-Iran war is due to uncontrolled religion and the Lebanese civil war is due to the same reason.

When the government controls and regulates religion, it does not just avert danger with its action but also gains good. As we have just said, religion is like water or fire. Water can drown man but if it is controlled and regulated, it produces good and tasty fruits. Fire also burns but if it is controlled and regulated, it powers planes and cars and generates electricity for refrigerators and heaters.

When King 'Abd-al-'Aziz Al Sa'ud emerged on the stage, he regulated religion, transforming it into a beneficial and triumphant energy with which he unified most parts of the Arabian Peninsula. The state he founded gained the respect of everybody, including his enemies. Had it not been for his opponents' respect for and confidence in him, they would not have handed their affairs over to him.

When man feels that religion was created to make him happy and not miserable, his soul soars and overflows with reassurance and love.

Our present condition with religion is not this condition of reassurance and love. One of us sees a clergyman and he beseeches God for protection as if he is seeing evil itself. This is because we have been accustomed for a long time to hear nothing from such a clergyman other than the accusation of infidelity, of failing the religious dictates and of exhortation to be strict in secular affairs. Regardless of how hard one of us tries to fulfill religion's wishes in his behavior, he will not find a single clergyman who would approve of his behavior. Constant displeasure is engraved on the clergyman's face and never leaves him. We conclude from this that the objective behind taking up religion as a profession is not religion itself but to use religion for control and domination and, at times, to gain personal material interests.

It is very important for the present and the future that the government turn its attention to this aspect and that it regulate religious preaching and put it under complete observation and control, exactly as it has put the medical, engineering, law and other professions which cannot be practiced by amateurs lacking sufficient qualifications under observation and control.

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CSO: 4404/457

QUESTION OF WOMEN'S RIGHTS, SUFFRAGE EXAMINED

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English No 33, May 84 pp 92-93

[Article by Emile S. Siman: "Votes for Women: The Kuwait Debate Rolls On"]

[Text]

More than two decades have now elapsed since the promulgation of the Kuwaiti Constitution in 1962, and the start of legislative elections a year later, but Kuwait still denies women the right to vote and to be elected to the National Assembly. A motion to enfranchise women was roundly defeated 27-7 in parliament in 1982, with 31 abstentions. This has made Kuwait the only Arab state with an elected legislature that has yet to accord women the franchise.

The issue of granting Kuwaiti women the right to vote and nominate themselves to elective seats in the nation's legislative body has acquired social, political and religious dimensions. In the light of these factors, three schools of thought have emerged in Kuwait. Firstly, there are those who are absolutely against giving women the dual right of voting and contesting elections on the grounds that such practices are unIslamic and contrary to Kuwaiti traditions. Secondly, there are those who favour giving women the right to vote but not that of nomination in elections, as it is deemed premature due to socio-cultural reasons. Thirdly, there are those who advocate the enfranchisement of women and giving them the unconditional right to run in elections.

To support their arguments, each school has invoked certain articles of the Constitution and their authoritative interpretation, and has cited the Quran and the Hadith. The issue is a moral and ethical one that may not be easily separated from the nation's history and the body of its traditions and values.

The 1962 Constitution qualifies all

voters to nominate themselves in contests for National Assembly seats. Article 20, for instance, states that 50 members of the Assembly shall be "elected directly by universal suffrage and secret ballot in accordance with the provisions presented by electoral law."

However, it was the Electoral Law of 1962 that reversed this provision of "universal suffrage." It specified that only males over 21 could vote in the four-yearly elections, and barred virtually all naturalised citizens and members of the armed forces from exercising this privilege at the polls. This law also restricted nomination to National Assembly seats, as well as cabinet posts, to those who could exercise their right to vote.

On the other hand, certain articles of the Constitution speak of equality and justice for all, and advocates of female suffrage have argued all along that the country's Electoral Law is unconstitutional. Article 6, for instance, stipulates that the system of government "shall be democratic, under which sovereignty resides in the people, the source of all powers." The people, it has been argued, denotes all males and females in the country. Article 29 adds: "All people are equal in human dignity and in public rights and duties before the law, without distinction as to race, origin, language or religion."

Aside from the Constitution, the debate on the issue has drawn deeply on the tenets and precepts of Islam as laid down in the Quran and Hadith, and in historical precedent. In Kuwait the Islamic Shari'a is "a main source of legislation," (Article 2 of the

Constitution), and a drive is underway to make it the main source.

Many argue that Islam has accorded the woman full rights to play a role in society. In the days of the Rightly Guided Caliphate, some women took part in battles and public affairs, where they were empowered to check the correctness of the ruler's actions and exercise of authority. They could deliver their opinions or *fiqh*, or Islamic jurisprudence, and had the right of *tawkil*, or the naming of persons to represent them.

As a religion and a way of life, Islam has honoured the woman and improved her lot: it allows her to choose her spouse freely, to enter into business transactions and to own and dispose of property as she pleases. After marriage, a woman may retain her maiden name. However, in Islam the woman is not the man's equal. She is not obligated to work and support the household, although she may do that and contribute to the family's income. Islam emphasises the role of the woman as a guardian and mentor of her children and her household; her relations with the spouse are those of complementarity and cooperation. In inheritance, a woman's share is half that of her male sibling.

It was this debate, based mainly on Quranic verses and quotations attributed to the Prophet dealing with the status and role of women, that has given the question of women's suffrage in Kuwait a controversial character. Those opposed to enfranchising women have referred to those verses denoting a home-based status for Muslim women. Briefly stated, their arguments go as follows. Women are discouraged from mixing with men and have to observe certain requirements in their dress. Therefore, participating in public elections paves the way for vice and corruption, the opponents argue, because men will contact women to seek their votes and the latter too may have to attend campaign meetings before deciding on a candidate. Political campaigning involves deals, bargaining and favours for which women in Kuwait are not prepared.

Moreover, those opposed to giving women the right to vote base their arguments on the assertion that the woman is prone to be moody, emotional and passionate. Because of certain physiological attributes such as the menstrual period and pregnancy, she is regarded as inferior in intellect,

rational thinking and stamina.

The advocates of universal suffrage in Kuwait argue that women in Islam were able to give their opinion in public affairs and to involve themselves in the Cause of Islam. Islam, they argue, is not rigid and should be adapted to different eras and circumstances. They argue that women in Kuwait have entered many professions, and have displayed political maturity and awareness. They occupy eminent positions in the civil service and international organisations, but they have been virtually barred from the diplomatic service and exempted from military conscription.

The supporters of female suffrage ask why, if women can undertake duties and responsibilities in a variety of fields, they cannot participate in the legislature where laws are made and revised and money appropriated – actions which affect every individual in the country? Then, too, men cannot represent women, who constitute half society. In effect, some argue, the National Assembly is elected by "an elite of Kuwaiti males." Depriving women of the vote entails a deformed democracy.

The right to vote is a means for prompting freedom of thought and expression, which any democracy is supposed to guarantee for each individual, man or woman.

In the 1981 elections only 42,000 men were eligible to vote from a total population of 225,000 (20 years and over). Thus, roughly one Kuwaiti in five qualifies to vote (21 is the voting age, but population statistics include the 20-and-over band). Making women eligible to vote would expand the electorate by at least 42,000, as women outnumber men in Kuwait by about 5,000.

In the 1960s Kuwait saw a burgeoning women's rights movement, as well as a growing membership in women's societies. In the early 1970s those organisations were vocal in pushing for women's rights, and their members dutifully participated in international women's conferences. Advocates of women's right to vote have also argued that, if women can vote in and be elected to scientific and professional bodies in Kuwait, why should they be excluded from the nation's parliament? Through participation in the legislature, women would seek to pass laws that may, for instance, put a rein on polygamy and amend current laws regarding personal status. Some

women in Kuwait believe that female franchise is a secondary issue compared to the many other deprivations from which they suffer.

Two constraining factors that have adversely affected the women's struggle for political participation in Kuwait have been the widespread illiteracy among women, and the absence of a programme of action or strategy through which women, as a group or lobby, could secure their political rights. True, 64 per cent of all Kuwait University graduates between 1971 and 1979 were women, with an equal percentage in commercial institutes, yet illiteracy among adult women is quite high. The 1980 census shows a 50 per cent illiteracy rate among women, aged 10 and over (93,590 out of a total of 185,740). No more than 10 per cent of Kuwaiti women seek employment. There are twice as many illiterates among women as men, and only 18 per cent of government employees are women.

The women's cause, despite support from some professional, labour and student bodies, has aroused little enthusiasm from the women themselves. Women's organisations in Kuwait have in the past few years been on the decline, primarily due to the increasing popularity of a revivalist Islamic movement that entailed the return of people, and especially women, to the faith and their reverting to the hijab in increasing numbers.

Mixing of the sexes has been curtailed and the acceptance of a woman's role as primarily home-bound has been accepted. After the negative 1982 National Assembly vote on women's rights, no ad hoc committees were set up to sway public opinion or persuade adamant parliamentarians to grant women the vote.

Should the right to vote be extended to women in Kuwait, it is unlikely that the outcome of any elections would be greatly affected. The number of politically and socially active women in Kuwait remains miniscule. Giving women the vote would at best be symbolic, and would conform to the image of Kuwait as a "modern" nation.

KUWAIT

BRIEFS

BUDGET DEFICIT--His highness the amir has ratified the decree referring the 1984-85 state's draft general budget to the National Assembly. 'Abd-al-'Aziz Musayn, the minister of state for cabinet affairs, has stated that the budget revenues amount to 2,912,000,000 dinars, in addition to other revenues of 314,427,000 dinars, compared to expenditures of 3,645,000,000 dinars, with a deficit of 779 million dinars. This represents an evident increase in last year's deficit, which amounted to 673 million dinars. The minister said at a press conference that the budget has allocated 100 million dinars for Arab support and 322 million dinars for reserves, noting that the increase in oil revenues amounted this year to nearly 200 million dinars, resulting from an increase in oil production from the estimated 1,050,000 barrels daily to 1.1 million barrels daily, in addition to the increase in the dollar exchange rate. The minister has also stressed that the scheduled increase for some services and the fees that are being currently studied in the form of proposals will not affect the people with limited incomes and he noted that the increases in electricity and water rates are still under study. [Text] [Kuwait AL-TALI'AH in Arabic No 839, 25 Apr 84 p 6] 8494

INCREASE IN STATE REVENUES--The 1983 government revenues registered collectively an increase of 892.88 million dinars, compared to 711.44 million dinars in 1982. Meanwhile, current spending rose from 543.01 million dinars in the period from July-September 1983 to 574.02 million dinars in the period from October-December 1983. The statistics indicate that the government's oil revenues rose to 781.07 million Kuwaiti dinars in the period from July-September 1983. As for the consumer price index for all goods, based on the consumer price for the base year of 1978, it recorded an increase of 4.7 percent, reaching 138.7 in 1983 compared to 132.9 in 1982 whereas the wholesale price index recorded a drop of 0.03 percent in 1983. [Text] [Kuwait AL-TALI'AH in Arabic No 839, 25 Apr 84 p 6] 8494

WORK FORCE STRUCTURE CHANGES--A source at the Ministry of Social Affairs and Labor has stated that a change has developed in the structure of the Kuwaiti work force, with this change embodied in a considerable increase in the number of Kuwaitis engaged in technical and scientific professions and in administration in 1983 compared to their number in 1980. As for the non-Kuwaitis, a change has developed among the production and ordinary workers. Whereas such workers amounted to 44.8 percent in 1980, their number dropped to 39.6 percent in 1983. This drop is due to the fact that a number of such workers

who had lived in the country illegally have now departed. In the building and construction sector, the percentage of the workers amounted to 21.5 percent whereas it was 25.02 percent in 1980. The drop in this sector has come for the same reason. The source has noted that in addition to the difference in the increase in the work force in the 1975-80 period according to the various professional categories, a difference has also developed in the relative importance of the various categories. As for the percentage increase, the biggest increase has occurred in the percentage of the Kuwaiti members of the work force classified as technical and scientific professions. This is followed by the increase in the percentage of office workers and then by administrative managers and business managers. As for non-Kuwaitis, the biggest increase has occurred in the percentage of the production workers, followed by the increase in the percentage of technical and scientific professions and then by administrative managers and business managers. [Text] [Kuwait AL-TALI'AH in Arabic No 839, 25 Apr 84 p 6] 8494

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SA'IB SALAM DISCUSSES RECONCILIATION ATTEMPTS

London AL-MAJALLAH in Arabic No 221, 5-11 May 84 pp 29-31

[Interview with Ex-Prime Minister Sa'ib Salam by Zaki Shihab: "Sa'ib Salam to AL-MAJALLAH: 'I Have Thrice Divorced Premiership'" in Beirut; date not specified]

[Text] The Thursday before last, Lebanese ex-Prime Minister Sa'ib Salam's resident in al-Mustaytibah lived in a climate of sniping and shelling that engulfed its surroundings because of a cease-fire violation which started at the Museum-al-Barbir crossing and resulted from conflicting radio reports about forcing the security forces entrusted with maintaining security in that area to leave their positions. Brig Gen 'Uthman 'Uthman, the acting general director of the internal security forces, who was about to visit ex-Prime Minister Salam at his residence seemed "upset" with the reports he had heard and said: "I don't know where they fabricate such reports. As you can see, 'Uthman told his interlocuter, I am still talking to the security forces stationed in that quarter. An end must be put to this farce." The sniping from 500-mm submachineguns and Dashka's came amidst mortar and rocket shells falling on the residential quarters. Brigadier General 'Uthman left ex-Prime Minister's residence after a brief private meeting. Ex-Prime Minister Salam welcomed us and we entered his office where the following dialogue took place:

[Question] Let us start with Lausanne. To what degree can it be said that the [Lausanne] conference dealt with fundamental issues raised and why have not the points on which you agreed been implemented?

[Answer] In Lausanne, the efforts were devoted to all the political issues which were supposed to be discussed and the issues that had been discussed in Geneva 4.5 months earlier. The resolution issued in this regard by the Lausanne conference is the resolution calling for the formation of a constituent council and the adoption of a new method. What I mean is that what had not been agreed upon in Geneva and then in Lausanne was postponed so that it may be tackled by a committee formed of 32 persons to draft a constitution, considering that there had been disagreement over all the details entailing constitutional and legal reforms. We need political agreement to draft a new constitution. This was discussed in Lausanne but the discussion produced no results. Despite the long duration of the conference, which lasted 9 days,

and--to be frank--even though the conference was supposed to announce its failure at the last moment, such an announcement was not made and it was announced instead that the conference would be postponed to [meet in the form of] the constituent council. What is important is that what I have insisted on since the Geneva conference is a cease-fire and an end to the propaganda campaigns. It is useless to reach agreement on anything before a cease-fire is reached and an end is put to the mutual radio campaigns.

In Geneva, I insisted on a cease-fire from the outset and ended insisting on this cease-fire, on expanding the base of the committee entrusted with observing the cease-fire and on raising the level of this committee. My intention was to have the committee's level raised so that it may enjoy a degree of responsibility. We did not succeed in achieving this or in implementing what had been decided in Geneva until we met in Lausanne 4 months later. My insistence [on a cease-fire] was my main concern. Even though I submitted a constitutional, legal, political, social and economic working paper to the conference, as did others, my primary concern was to put an end to the massacres taking place in Lebanon, with all their killing, destruction and devastation. This was the important thing. If you have followed up on the Lausanne conference, you will find that the first resolution we issued on 13 March was the cease-fire resolution. This is what I insisted on. Regrettably, those in charge of the armed elements--people who were with us at the conference--were supposed to issue their instructions from Lausanne for enactment of the resolution which was not enacted. It was also decided to set up a security-political committee which they called a military-political committee, which meant to me the combatants and non-combatants, under the chairmanship of the president of the republic. I don't know whom the president of the republic had consulted, even though he was supposed to consult with those present in Lausanne. Had the committee been formed at the level of those conferring in Lausanne, we would have been all included in it and had it been at a lower level, then we would have delegated people to enter it on our behalf. But I was surprised to see the committee formed in this manner and I learned of the committee only on the day it was formed and started its work. I had a conversation with the president of the republic during which I told him that I did not believe that this was the committee requested. He said: Whom do you want to nominate to it? I said: You have surprised me with this question and I need some time. I did not take much time and lifted the telephone 15 minutes later and gave the president the names of Dr Jamil Kabir and Maj Gen Hisham Quraytim, telling him that the two men would be the best representatives of the viewpoint of the non-combatants and that they would probably have the final say at the meeting. The president promised me that the minister of foreign affairs would discuss this issue with me at noon. I went to the Islamic conference meeting and informed the conferees there of what had happened. They seconded what I had done and welcomed the nomination of the two men I had picked because they found them to be sufficient qualified. Regrettably, this [their inclusion in the committee] did not materialize and I was upset. In the evening, I told the minister of foreign affairs that I would take a very firm and stiff position on the following day. But the pressures exerted on the meeting on that afternoon and the scenes of the atrocities and murder of children and women which the citizens saw on the television screens on that day--scenes which appealed to anybody to save us from that hell-evoked concern in the hearts of all and I

did not find it wise to raise this issue of the committee makeup because the people wanted anybody to rescue them from that hell. Now, I don't want to go along with those who have lost hope in this committee because if we do so, we will lose great hope in an important step under this circumstance.

Lausanne Conference

[Question] As members of the national dialogue conference, to what degree did you really represent the country?

[Answer] There is no doubt that those participating represented the various tendencies and opinions among all the Lebanese.

[Question] Let us be specific. There are those who have said that Beirut was not fully represented even though you were present there?

[Answer] This is a different aspect. I believe that whoever reflects the conscience of the overwhelming majority of the people and takes the position the reflects the people's will is the best representative. As for what you say about voices raised here and there, we have become accustomed to them. They are discordant voices that want to be in the forefront. Many of them got deeply involved in the past in spheres which they called patriotic but which were not truly so. They engaged in unorthodox practices. The currents present [at the conference] represented in their names the various Muslim and Christian factions, as evidenced by the fact that ex-President Sulayman Franjiah took a very noble and patriotic position in the argument he had with the Lebanese Front when he rejected dealing with Israel, declaring loudly that whoever deals with Israel is an agent. Franjiah's position had a deep external impact, especially since the disagreement was between one Maronite leader and a number of other Maronite leaders.

[Question] In Lausanne, you reached a cease-fire agreement. But this agreement is still being violated tens of times daily. Why has it not been observed?

[Answer] This is the responsibility of the men in charge of the armed elements who consist currently of three factions present in the arena: The Lebanese Forces which are under the banner of the Phalanges and the Lebanese Front, the Amal faction and the Socialist faction which represents our brothers the Druze.

[Question] How do you explain the surprising position of ex-President Franjiah at the Lausanne conference when you discussed the issue of defining the powers of the president of the republic?

[Answer] Many were surprised by that position. My explanation is that ex-President Franjiah has always been concerned and is still concerned with the presidency of the republic as a presidency, not with the person assuming this presidency. This is why he has been strict in preserving it and thus moved to protect it from being undermined by any front. There were long discussions in Lausanne throughout 8 days and I cannot sum up those discussions

today in one sentence. But the discussions covered a wide range of topics, including the so-called difference in the mentality of the past generation and the upcoming generation, represented by Nabih Barri and Walid Junblatt. Naturally, I understand them better than others. Even when the discussions dealt with this topic, I told Barri: "I would not accept to see you lead me in the concern for the aspirations of the youth, not even at my age." Neither my view of the youth nor my feeling for the youth differ from theirs.

[Question] Who is responsible for the country reaching the condition it has reached, even though you support the positions of the youth?

[Answer] Do you want to say that this is the responsibility of the previous [older] generations? I will be brief here and say that, as usual, the obedient is bunched up with the disobedient, and I will say no more. I assure you that I have been with the youth all my life and have tended and supported them. I will recount to you here an anecdote that expresses what is in my heart. The great late poet Ahmad al-Safi al-Najafi was sick in al-Maqasid Hospital when I was head of the hospital. One day, a hospital doctor came to me and said: Here is a prescription from Ahmad al-Safi al-Najafi. It was a piece of paper on which were written the verses: "My age is in my spirit, not my years and I will (reach) my 90th year tomorrow. Since my 70th year, my life has been running fast while my spirit has remained at the age of 20." He wanted to support my mentality and my position. I believe that youth is youthful thinking and youthful mentality and not a matter of age. We must acknowledge that there are numerous repressed factors which cannot be overcome by man except in a rebellion and an uprising that lead more to destruction than to security. Rebellion must be in the soul and it must be positive to produce results. This is what enabled us to reach with youths who were with us at the conference a joint [working] paper so that we may move one or more steps forward and may enable the coming generations to attain what they desire. For example, there are demands for the total abolition of sectarianism in Lebanon. I support this demand but it cannot be attained all at once. Thought has been given to reforming numerous and far-reaching aspects of the constitution, and this cannot be done immediately. There have been opinions regarding reform. This is needed so that the sectarian basis may not be the basis for forming a parliamentary assembly representing the people and so that there may be no restrictions. But we all agreed to have the parliamentary assembly shared equally by the Muslims and the Christians. As I have indicated at the outset of my talk about agreement between the two Lebanese groups, it is not important that the Muslims be a majority and the Christians a minority. What is important is that we be in agreement.

Premiership

[Question] You have defended the position of ex-President Franjiyah and have said that he took this position to preserve the status of the presidency. Should we put your defense of the premiership within the same framework?

[Answer] I have also defended the presidency of the republic by insisting that the president of the republic continue to be a Maronite because I and my brothers have a special viewpoint on the president of the republic being a

Maronite. This gives our Christian brothers a feeling, though incorrect, of assurance--an assurance which, as Raymond Iddih has said, does not come from the president because many of them have given no guarantees to the Maronites. On the contrary, they have been harmful to the Maronites. But I still realize that if we change the presidency, we would leave among many of our brothers the Maronites a feeling of fear. This is what we want to disperse. However, this does not mean that the president of the republic can be an absolute dictator and can dominate and control. The latest proof is the absolutely dictatorial legislative decrees issued on many issues--decrees that no man can accept. We have conducted a complete and careful political and legal study on these decrees and the study has been approved by all the deputies, both Muslims and Christians. It is impermissible for the president of the republic to have absolute powers and to act dictatorially. The prime minister must participate in government. Here emerges a tone that we always hear: How can the government have two heads? It is not a government with two heads. It is a government with one head but there is participation between the president of the republic and the prime minister. As long as we proceed from the starting point of agreement between the Muslim and Christian in Lebanon and as long as this requires sharing, then there is a president and a prime minister who must share and cooperate in government. We have passed through circumstances which produced results. Even though this may sound somewhat boastful, I will say that the golden period experienced by Lebanon since its independence came in 1973 when I cooperated with ex-President Sulayman Franjiyah and we were able to spread optimal security and stability in Lebanon and to quench the flame of sectarian discord. Through this, we achieved prosperity and excellent relations with all our Arab brothers and without getting involved in any axes. We also achieved such international relations that I, the Muslim prime minister of Lebanon, received an invitation to visit France and made that visit. I was also about to respond to another invitation from Britain. Regrettably, all this vanished when the situation erupted in April 1973 and the Israelis came and dealt their cruel blow in the heart of Beirut, assassinating three of the leaders of our Palestinian brothers. I was compelled to resign and the cabinet was changed. I always point out that the tribulation and the conditions we are suffering today did not start in April 1975, as many believe, but in April 1973. After that date, the president of the republic began to change cabinets and events developed, leading to the loss of control we have experienced since 1975.

[Question] You have spoken of the legislative decrees. There are those who say that you have waited much too long to reject them. What is the reason for the delay in taking this stance of opposition to the decrees?

[Answer] This is true because when these decrees were issued, they caused an initial shock to many deputies and others, both Muslim and Christian, and they were a shock to me and to my brothers. But I did not wish to take a decisive position toward them until I had studied them fully. This study took 2.5 months during which we met for long hours with the qualified youth--and this shows my reliance on the youth--to gather information, examine the provisions and refer to the constitution and to precedents and to what is in existence in order to find out what the decrees would lead to until we concluded that comprehensive study which, as I have said, has been approved by whomever has read it. I don't like to take my positions offhandedly.

[Question] You supported the 17 May accord even before it was signed and then became one of the staunchest supporters of abolishing it. What is the secret behind this retreat?

[Answer] The 17 May accord concluded in Lebanon with Israel was, as President Hafiz al-Asad has called it, "an accord of capitulation." I realized from the outset that it was a contract of capitulation. [I supported it] because I found it to be a means for ousting the Israeli occupier from the south, and I could find no other means. When President al-Asad himself described it as an accord of capitulation, he said that an accord of capitulation can be concluded only between a victorious country and a defeated country. There was also the victorious country's occupation of a large part of this country's territories and we had to try with all our capabilities to eliminate this nightmare from the shoulders of our sons. You can see the woes this occupation is causing. We believed that the U.S. participation in this accord would lead to exerting pressure on Israel. But what happened was the Israel's pressure on the United States was stronger and firmer, with Israel thus violating the accord before we could abolish it. Israel violated this accord, first, by its partial withdrawal from al-Shuf mountains, and I do not want to add here that it was a malicious withdrawal for malicious ends. It then withdrew to the Awali River where it established a wall similar to the Berlin wall. This is another violation of the accord by which it has appropriated a part of Lebanon. Third, there is Israel's continued occupation and Israel's inhuman practices which are denounced by international and human usage.

[Question] Within this framework, do the dimensions of your wager on the United States continue to be the same in the wake of the U.S. experience in Lebanon?

[Answer] It is evident that the United States has lost its credibility in Lebanon completely and this has caused it to lose its credibility in the area and even in the world, meaning that the United States does not stand firm on issues. This reminds me of the day I met the president of the United States while I was in Washington as representative of the president of the republic when I told President Reagan: The experience of 35 years--since the creation of Israel--with the U.S. administration has been a very bitter experience. What I mean is that should a U.S. official or president think of taking one step forward in supporting the Arab right, we would find him immediately taking two steps backward. He raised his finger and said: I have no backward moving agency. I said: But I ask for a forward moving agency. At the time, I had hope in him but it became ultimately obvious that President Reagan and his administration have taken not just two steps but many steps backward. This is regrettable because it is not in the interest of the United States. All we have always asked of the United States is to tend the U.S. vital interest in Lebanon and the area. But it seems that the U.S. politicians submit to the Israeli lobby there, thus blowing up the U.S. vital interests. The U.S., European and Japanese interest is an enormously vital interest and woe be to the United States, Europe and Japan if this area becomes completely turbulent and erupts anew.

[Question] How do you find the situation of West Beirut now?

[Answer] Regrettably, it is still a troubled situation in which numerous elements are involved. Unfortunately, many have tried to exploit the schisms between the Islamic sects. It is my right to be more strongly pained than others because I have a long history built on conviction and principles and I hold the constant position that all the Muslim sects are a cohesive unit. This is why I was greatly pained when I saw a few months ago the malicious attempts to sow sedition between the Shi'ites and the Sunna. We were able to avoid such sedition, God be thanked. I would like to express appreciation here for what Shaykh Hasan Khalid, Lebanon's mufti, did in cooperation with Shaykh Muhammad Mahdi Shams-al-Din and would like to note the credit that goes to them in this regard. I would also like to note Nabih Barri's patriotic, religious and moral awareness that helped greatly in extinguishing that sedition. We have also recently had the problem with our socialist brothers who are Druze from al-Shuf mountain. We supported them and stood by them most sincerely in their tribulation with Israel and with the Lebanese Forces which were encouraged by Israel to attack them. But regrettably, when the socialist brothers triumphed, it seems that the ecstasy of victory took hold of them and so they came to Beirut and engaged in actions which nobody in this country accepts.

Issue of South

[Question] Insofar as the Israeli measures in the south and in al-Kharrub District are concerned, do these measures fall within the framework of partition and fragmentation?

[Answer] I have recently received a booklet containing numerous articles by Israeli politicians, university professors and intellectuals. If you read them, you would find that they differ in depicting the picture and describing the situation. But all the articles agree on one objective, namely fragmentation of the Arab countries surrounding Israel. What Israel is doing at present seeks to partition Lebanon and appropriate the south. Here, I must note with utter pride the heroism, steadfastness and resistance of our kinsmen in the south--men, women and children--against the Israeli occupation. Add to this what the Israelis are doing in al-Kharrub District and their attempt to fragment the Druze al-Shuf mountain which has become an almost totally Druze mountain. Sincere people are trying to restore the bond so that the Christian citizens may return to the mountain.

[Question] How do you evaluate the cooperation existing between Walid Junblatt and Camille Sham'un in al-Shuf Province?

[Answer] We fully support this cooperation because it leads to the opposite of cantons. However, there is danger in al-Shuf and in al-Kharrub District and al-Kharrub District has begun to suffer from the Israeli burden what the south is suffering.

[Question] Along with the security tension, there is talk about a cabinet. However, there is disagreement over the form and type of this cabinet. What is your opinion?

[Answer] There was constant talk at the Geneva and Lausanne conferences about setting up a national reconciliation or national unity cabinet, meaning that the conferees be included in the cabinet or select those to represent them in it. Since the conclusion of the Lausanne conference, this has become impossible. This does not mean that we should remain without a cabinet. Despite the presence of the current cabinet, all believe that there is no cabinet and that this allows the president of the republic greater monopolization of power. This is why all, myself included, demand a new cabinet, i.e. demand the formation of a cabinet, even a provisional one, acceptable to all to manage the country's affairs rationally and to cooperate with the president of the republic.

[Question] If you were asked to form such a cabinet, would you agree to do so?

[Answer] I said years ago that I have thrice divorced the premiership. This is not out of ignorance on my part of the situation or out of the disavowal of a duty but because I am convinced that I can be much more beneficial to my country outside the government under these circumstances which the country has experienced for years. This conviction has been reinforced by what has happened in recent years.

[Question] Every sect has its military wing, except for the Sunna sect which, it is generally believed, has no military. Is there a tendency to militarize al-Maqasi [organization]?

[Answer] It is well known that we announced since the outset of the events that we are against violence and that violence can solve no problem in Lebanon. This was the slogan I declared at the Chamber of Deputies and, regrettably, it has been proven throughout long years that violence has not been able to solve any problem. We do not carry arms and this does not scare us. I would like to reassure every citizen that Islamic solidarity on a sound basis, is stronger than the cannon and the rifle and will have a stronger say than those holding the rifle.

[Question] Till when will Lebanon continue to live in this maelstrom?

[Answer] Until the legitimate government gains control over it and until this government gets to possess an effective instrument consisting of soldiers and security forces that establish its authority over society. Here, we must pass through numerous phases in tackling the Israeli occupation. This is why I have supported the legitimate government and the regime despite all their mistakes. It has been my principle that Lebanon cannot be saved without a legitimate government. If Walid Junblatt can establish a legitimate government, I may perhaps think of joining his legitimate government.

8494

CSO: 4404/469

LAUSANNE PARTICIPANTS CLING TO SECTARIANISM

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English No 33, May 84 pp 9-12

[Article: "Fear and Futility in Lausanne"]

[Text] "When it came time to pack and leave, there was no hope at Lausanne. Only the signs of a new civil war," writes our Special Correspondent about the March "national reconciliation" conference of Lebanon's factional leaders--many of whom he found completely out of touch with their country's tragic realities.

There was a distinct air of nostalgia in Lausanne's luxurious Hotel Beau-Rivage in March, as those Lebanese figures reminiscent of bygone days assembled once more to talk things over. In years past, the people who now roamed the corridors--the men immaculately dressed, the women in the latest fashions--were symbols of the future. The whole Arab world saw in Lebanon its image of tomorrow: a fully westernised, "civilised" country with open government and a vigorous economy. Today even Lebanon wouldn't recognise these phantoms of the past. They are virtual strangers in the streets of Beirut, which are today dominated by bearded young men in jeans or shabby uniforms.

To call these people the "representatives" of the Lebanese people is to abuse language and common sense. Not only are the majority of them approaching their eighties, but the whole concept of life they embody is hopelessly outdated. Worse still, they seem to be completely out of touch with the realities of the country they "represent." Their supposed tight schedule never seemed to impinge on either their sunbathing activities or their night-club rounds, which were a delight to western jouranalists and photographers. The whole "national reconciliation" conference was in essence a circus playing for the international media.

It would have been odd if these people were to reach a "solution" settlement to the Lebanese problem, because they are the problem. I watched as one Lebanese journalist tried to interview Camille Chamoun, the notorious advocate of collaboration with Israel--who was, incidentally, the man who first called the US Marines to prop up his regime when he was president in 1958. "Mr President," queried the journalist, "is it true that you have agreed to the abolition of confessionalism?" The 82-year-old Maronite murmured some words that were interpreted as an affirmative answer.

"Does that mean the president will no longer be a Maronite?" the questioner pressed. Gleaning hesitation in the indistinct features of the old man, the journalist added: "Don't worry, I am a Maronite myself." Then an answer came: "Rest assured, things will be alright."

One of the most tragic aspects of the Lebanese drama is that people are killing each other for no reason at all. This lends strength to the contention of Amal's leader, Nabih Berri, that total dismantling of the confessionalist structure of the state is the only sensible solution to the problem. Contrary to the claims of the Gemayel-Chamoun axis, the system does not answer to any real need, such as a guarantee for the minorities and the alleviation of fear.

During the nine-year civil war one of the dilemmas of the various militias has been how to identify members of rival factions. The warlords had to create and nourish differences that did not exist. As both Saeb Salem and Nabih Berri argued repeatedly, religion was used and exploited by feudal lords for whom no religion matters: "The Maronites have been misguided. They had nothing to fear from a free and fair Lebanon."

Berri's allegation is quite true. However, the implications of this misleading are real enough. If you lead a group of "misguided" Maronites to massacre innocent civilians, then other Maronites will subsequently have real reasons to fear for their lives. Also, if "misguided" Christians were convinced that their prosperity depends on the impoverishment of their Muslim neighbours, then conflict is inevitable.

The blurring of differences was more obvious than ever at the Lausanne conference, with its shifting alliances and ideological barriers. In the dinner given by President Gemayel in honour of Syria's Vice-President Khaddam, Gemayel refused to drink anything but orange juice as a gesture to his Muslim guests--while Khaddam and some other "Muslim" Lebanese were drinking wine. It was equally difficult to tell the religion of the revellers in the Lausanne night-clubs.

Arabia put the point to an Armenian Christian member of the Lebanese parliament, there to lobby the conference in favour of his sect (which was not represented officially). "Would you call your belonging to your sect a religious fact, or is it rather a sort of tribal affiliation?" he was asked after he had complained about the injustices faced by his "people." He answered unswervingly: "It is religious."

What did he make of Nabih Berri's allegation that most members of the Phalange are not really religious, if that meant anything like being regular church-goers? "Our affiliation is certainly religious," he kept repeating. He was then asked whether this was because others saw them as Christian, or because they self-consciously identified themselves as Christian. It was then that a glimmer passed through his eyes as he answered: "My father told me that the French colonists used to ask children what they were, and the children would answer 'I am a Muslim' or 'I am a Druz.' No one would say 'I am Lebanese'.

Then this man added: "Your sect is your protection. Your belonging to it is a guarantee of your right. Outside it, you have no rights. That is why everybody sticks with his people."

This is the root of the problem. It was best illustrated in this conference where seats are allocated to sects, not people. It is bizarre to assume that people who have been selected on this basis could be expected to end the very system within which alone they have any power.

That is why former Maronite President Franjeh reverted to an alliance with the Maronites--his enemies despite being his co-religionists--when it came to eroding the Maronites' privileges. He exists only as a Maronite warlord; the moment he wavers in protecting the privileges of his constituency, he will lose not only its support but also the recognition of his rivals, who talk with him only as long as he has home support. The system thus looks depressingly self-petpetuating.

Given this, the protagonists in Lausanne had as much in common as they had differences. Only, the militias have here replaced the clans as the bargaining base. The system has degenerated now to an extent that everybody else recognises only how much damage you can inflict, how many guns you have.

The conference itself was the culmination of this trend, and the ultimate expression of this way of looking at things. President Gemayel came to the conference table only after the USS New Jersey could no longer bombard his people for him. It was clear that this conference was a defeat for him, and all his backers. One such backer did not despair, however: Israel's presence in a conference supposed to be Syria's victory party was more than tangible, to put it mildly.

Danny Chamoun, the son of the ex-president, fresh from a visit to Israel, made the rounds in the corridors of the Beau-Rivage to leak stories to sympathetic pressmen in a bid to derail the conference. At first, the Phalange-Israeli tactics were of a more covert nature. The leader of their militias, Fadi Frem, announced to newsmen in Beirut that the Lausanne conference would achieve nothing except a Syrian-dominated "national unity" government which in turn could achieve nothing. He added that his "Lebanese Forces" were not represented at the conference, and would not abide by any of its decisions.

This precipitated the crisis it was calculated to bring about. Naturally, the representatives of the Phalange were queried as to whether they really represented anybody after all, and whether it was worthwhile to go on with the proceedings.

"They are our men and they will obey us eventually," the two aging Maronite leaders assured the other veterans of self-deception, who decided to continue on the assumption that this was a manoeuvre to wring more concessions for the Maronites.

Two days later, a man Walid Jumblatt subsequently described as "the so-called chief of staff of the Phalange gangs" delivered a "lecture" in Beirut,

which was carried widely in the press. In this talk he affirmed "the strategic alliance" between the Lebanese Christians and the Israelis, and called for an independent Christian entity in Lebanon, allied to Israel.

(Earlier, a row was sparked at the conference when the two Maronite representatives tried to defend collaboration with Israel on the basis that the Lebanese Christians have fears and are justified in seeking alliances that will bail them out. This gave Franjieh his chance to jump at Chamoun in an outburst that threatened to blow the conference apart.)

Franjieh is now best known as a rebel Maronite who sided with the predominantly Muslim "National Salvation Front," which is opposed to President Gemayel and his Phalange backers. But he is also the man who led Lebanon into the present civil war through his intransigence and partisan policies. He is the president who had invited the Syrians into Lebanon, which in part explains his siding with them now. The other factor in his stance is, of course, his rivalry with the Gemayel clan: this climaxed when the late Bashir Gemayel, in a bid to unify the Christian forces, blew up the house of Franjieh's son, Tony, killing him and all his family.

The precise details of the row that led to Franjieh's walk-out from the conference are not known, because of the conflicting accounts given by the parties involved. What appears to have taken place is that a Phalange communique criticising the conference declaration on the Arab identity of Lebanon was discussed and objected to by some delegates. The communique disputed the identification of Lebanon as Arab, and called for a national Christian homeland to be set up in Lebanon with Israeli aid.

Chamoun's reply to the criticism was that Lebanon is a free country and that everybody is entitled to their opinion. He added that the Lebanese Christians have genuine fears and legitimate rights that prompt them to seek Israeli aid. Franjieh then flew at him, disputing his right to speak in the name of the Christians and denying that the Christians have any fears regarding their Muslim compatriots. "Those who collaborated with Israel are traitors and have no rights...nobody has a right to demand anything in their name," Franjieh was reported to have said.

The argument degenerated into abuse. Franjieh questioned the patriotic history of his Maronite rivals, on their pre-colonial record. In the end, he insisted on a vote on whether Israel is an enemy or a friendly country, to determine the status of the collaborators with Israel. When that was not agreed to, he walked out.

The row was later defused by the issuing of a compromise statement saying that no vote was necessary, since the issues concerned were not disputed by anyone. The statement also complimented Syria's "positive contribution" to the conference.

In a curious parallel development, Walid Jumblatt began to drop hints about a Druze rapprochement with Camille Chamoun, whom he described as his "favourite enemy" to journalists early in the conference. He said later:

"Had the Chouf question remained between me and Chamoun, the mountain would not have been ruined. The problem has been the intervention of the Gemayel clan."

It later became known that his new-found friendship was the result of Israeli mediation. Even then it was an open secret that the Israelis were active contacting Druze and Christian leaders. The deal that emerged will be very harmful to the Muslim positions. It is now thought that the Druze assault on the pro-Palestinian Marabitoun late in March was part of the deal, which will also allow Christians to return to the Chouf and joint Druze-Christian militia patrols in part of the area now under Druze control, especially in the coastal area.

Under Walid Jumblatt the Druze militia has degenerated into a sectarian force. This represents a clear departure from the policy laid down by his father, who was genuinely pro-Palestinian. Now the label of "Progressive Socialist Party" is as much a joke as the same "Liberal" that describes Chamoun's fascist party. His father, Kamal Jumblatt, was the acknowledged leader of the Islamic forces in the civil war, and these included in a coalition the predominantly Sunni al-Marabitoun (Nasserist). This happened mainly because he was more a socialist than a Druze. The emphasis is not shifting ominously.

In a significant gesture, Mrs Kamal Jumblatt (Walid's mother) was seated at the banquet next to the guest of honour, Syria's Khaddam. Everybody agrees that it was the Syrians that murdered her husband, who was their arch-enemy during the intervention that thwarted a Muslim takeover in Lebanon. Walid seems to have forgotten this.

"Things have changed," Walid Jumblatt told reporters questioning him on the subject. He stressed his pragmatic approach, pointing to the fact that an alliance with the Syrians now served his interests best, and that is all that counts. However, it will be a delicate affair balancing his alliance with the Syrians and his commitment to the Israelis.

As the conference progressed, the attempts to sabotage it became more and more overt. The intransigence in Beirut, which was first seen as a propaganda campaign, turned into actual positions in the conference. First, agreed concessions were bickered over. Then "guarantees" were requested for the Christians.

"What guarantees do they want?" exclaimed an incensed Berri. "What guarantees did they have before? They had the presidency, the army, the intelligence, the prosecutor-general, the judiciary, internal security, the leadership of the civil service, the governorship of the Central Bank and so on. And you can ask what has remained of this in (the) 40 years (since 1943)... The only guarantee should be citizenship... This deception of the Christians should come to an end, even if in Lausanne."

Berri wanted a total "deconfessionalisation" in Lebanon. He was supported in this by Jumblatt and to varying degrees by other Muslim leaders, whose position was termed more realistic in that they did not demand the total and immediate dismantling of the system.

This was countered by the Christian leaders who termed this position as secularism, in order to dissuade the Islamic leaders who are opposed to secularisation. Later, when this threatened to divert the discussion into side issues, Berri countered that he had no objection to his position being termed as secularism: "We accept secularism, in as far as neither Islam nor Christianity are contravened."

Berri has emerged as the man of the future. He wanted nothing of the past that he blames for all of Lebanon's evils. "It is now a battle between two generations," is his way of putting it. "One from 1940, if not 1910, and one that belongs to the future. One insists on rebuilding a 'company' and the other wants to create a nation."

As the squabble continued over minor concessions, the completeness of the participants' divorce from reality was made even clearer in the paper presented to the conference on what was to be its last day. No one could have hit on a better method to blow up the conference than this nine-page document, which contained over 40 points and sub-points of useless detail--enough to occupy a friendly gathering for the next decade.

In its evasiveness, the paper shunned the real issue of power-sharing with a passing mention of "wider participation in power" and "national balancing and equality between the spiritual families that form Lebanon." In contrast, the emphasis was put on trivial but contentious issues that would resolve themselves automatically if an equitable power-sharing agreement were to be reached. Detailed proposals of a technical nature--such as the opening of schools, the revision of rent and nationality laws, the press, the term of the speaker of the parliament, the procedure of accepting the premier's resignation--dominated. The important issues were pushed into the background.

One would have expected a conference of such scope to concentrate on the agreement of a broad formula for power-sharing, leaving the details for other bodies and times. One cannot expect seven men to draft the laws of a country in a week. Indeed, some delegates were of the opinion that even a ceasefire was not the urgent point on the agenda. It will follow "spontaneously" (in the words of Berri) from a political agreement, since power was all that the war was about.

However, it seemed that even the patchy nature of the final paper, a result of concessions that came almost solely from the Muslim side, was not enough. It was opposed by no less than Franjieh, who would not countenance the vague clauses that he saw as a reduction in the power of the Maronite president. "I will not accept a reduction in the privileges of the Christians," he was reported to have said. But what then was the conference all about? What was the war all about? Once again, the aging Maronite had placed himself in the front line of an escalated civil war that a similar stance of his helped to ignite in 1975.

By this time, in a Bizarre development, the Maronites on the conference sidelines stepped up and made more overt their propaganda war and their efforts to sabotage it. This was strange, as the Maronites normally shy away from public

declaration of their real positions. When some Lebanese students studying in Lausanne organised meetings with all the conference notables, the faction leaders were at pains to justify themselves in front of these representatives of the country's youth.

After one meeting, with the Phalange leader Pierre Gemayel, one student said he was "shocked" at the discrepancy between "what they tell us here, and what we hear they say inside the conference." Then he added: "We hope they will exhibit the moderation they have demonstrated to us here inside the conference room."

But later, even moderation for demonstration purposes was not forthcoming. Towards the end of the conference, Maronite spokesmen were in force in the hotel's corridors, volunteering to say what cannot be said: that they were there to sabotage the conference.

One of these Maronites spoke to Arabia while the delegates were holding one of an endless series of "final" sessions. "We will not abide by anything that the conference may come up with," he said emphatically. But you don't know what the conference is going to come up with, we asked naively, so perhaps it will come up with what you want?" "It doesn't matter," was his reply, "it was done without our participation."

When Arabia asked another militant lobbyist what his proposal was now that they all seemed to have become rejectionists overnight, he said: "To adjourn the conference and hold it in other times and circumstances." He was reluctant to specify the nature of the circumstances that made the timing of this particular conference unfavourable, but later cited "foreign interference" (again!).

It was obvious that the delegates were under pressure to sabotage the conference, and that this pressure came from different sources at different times. This was most evident in the rejection at the last minute of a virtually Christian paper, which Muslim delegates agreed to only after President Gemayel told them that the other parties had accepted the proposals included in it.

There were parties then that were not interested in any agreement whatever. They feared the agreement would lead to stability and be the basis of a new order. The Israelis, of course, saw in any success achieved by the conference an advantage for the Syrians. Their clients played their role splendidly.

When it came time to pack and leave, there was no hope at Lausanne. Only the signs of a new civil war.

CSO: 4400/243

COUNCIL FOR SOUTH SPENDS 300 MILLION POUNDS FOR DEVELOPMENT

Paris AN-NAHAR ARAB REPORT & MEMO in English Vol 8 No 13, 14 May 84 p 2

[Text]

Lebanon's Council for the South spent LL.65.9mn on southern village development projects in 1982 and 1983 and will spend an additional LL.300mn on similar projects this year, the head of the Council, Dr. Hussein Kanaan, said last week. He pointed out that apart from amounts allocated to projects, the Council has paid out LL.85mn in direct assistance to southern villagers whose houses or property had been destroyed or damaged by military operations during the Israeli invasion of Lebanon in the summer of 1982.

Kanaan said 31,638 villagers in 313 towns and villages had benefited from these direct grants.

A statement issued by the Council said another LL.4mn was paid to dependents of 553 casualties of the Israeli invasion, LL.1.7mn was paid to those injured or disabled by the invasion, and LL.8.5mn as emergency relief to dependents of war casualties. The total amount spent reached LL.212.8mn, the statement said.

The council also revealed a series of projects it planned to implement in 1984, at a total cost of LL.300 mn.

The projects cover the repair and rehabilitation of medical installations and schools, the upgrading of roads and the digging of artesian wells to improve the public water supply.

The total amount to be spent on the repair of schools is LL.22.5mn, and covers 54 schools in various districts, while health facilities, including hospitals and dispensaries, will receive LL.4.5mn; public buildings will receive LL.10mn, LL.45mn will be spent on 168 kilometres of road, and water projects will receive LL.12mn, mainly for the construction of ducts, irrigation channels, reservoirs and artesian wells.

CSO: 4400/243

BALANCE OF PAYMENTS DEFICIT HITS 600 MILLION DOLLARS

Beirut AL-SAFIR in Arabic 22 Apr 84 p 6

[Article: "Treasury Situation Is Pressing Task for Government; 600 Million Dollar Balance of Payments Deficit in First Part of 1984"]

[Text] Official economic sources have expressed concern over the expansion of smuggling activity in Lebanon and the burdens that the public treasury will bear as a result of the loss of customs fees one of its primary sources of revenue.

These sources have told AL-SAFIR that resumed activity at illegal ports will deprive the country of its legal right to collect its primary revenues, particularly since some smuggling operations occur through legal ports along the Lebanese coast while the port of Beirut and Beirut airport are closed.

The sources themselves were surprised that these operations resumed at the same time as recent positive security and political developments, as if they were attempts to weaken the treasury's ability to remain viable and meet minimum expenditures for salaries and wages in the public sector.

The country's increased public indebtedness, about 25 million Lebanese pounds, along with diminished production facilities and primary investment, is expected to increase the complicated problems and financial burdens the country will face in the near future.

These sources estimated the Lebanese balance of payments deficit for the first part of 1984 to be approximately 600 million dollars, in addition to the deficit at the end of 1983 of 1.2 billion dollars, which will subject the national monetary situation to great pressures that it will not be able to face unless production resumes immediately and without delay.

These sources believe that the main concern of the new government will have to be these circumstances, after the appropriate security and political situation has been achieved, so that no measures will come too late to be effective.

The sources link speeding up a political solution to beginning reconstruction in the country, particularly in the understructure and the housing

sector after demographic continuity was totally disrupted. This reconstruction will be difficult unless the government is able to collect revenues from taxes and fees in order to use its ability to get loans and financial assistance, particularly from the Arab countries.

It is common knowledge that one reason the Arab countries have not provided their share of aid decided upon at the Tunis summit, which is 1 billion dollars over 4 years, is because the country has been unable to collect revenues, in addition to other reasons of a political nature.

9882

CSO: 4404/471

ISRAEL SAID PREPARING TO USE SOUTHERN WATER

London AL-HAWADITH in Arabic No 1436, 11 May 84 p 52

[Article: "Future Drought in Southern Lebanon"]

[Text] Since Lebanon has enough fresh water, and indeed it allows the Litani waters to flow uselessly into the sea, why should not Israel use it instead of letting it go to waste? This is essentially the public pretext offered by the Israelis for a tunnel they have dug between the village of Tall al-Nahas in southern Lebanon and Lake Tiberias in preparation for opening the entrance to the tunnel near al-Khardali and erecting the necessary stations for pumping water into the arteries of the Zionist state.

The fact is it is a "gross deception" to say that Lebanon has enough water. The available data and statistics on Lebanon's water resources refute this claim, for the mean annual rainfall is 928 mm, which makes the average amount of water reaching the surface about 9.7 billion cubic meters distributed as follows: 4.025 billion cubic meters of surface runoff, 600 million cubic meters penetrating into the earth, and 5.075 billion cubic meters absorbed by the vegetation, evaporating from tree leaves, and the earth's surface, and underground flow toward the sea and the Huleh plain. The quantity that Lebanon can use after the surface runoff is taken into account is about 3.375 billion cubic meters. A figure of 2.250 billion cubic meters a year is considered to be closer to the reality and it represents two-thirds of the average amount.

It should be noted, in contrast, that Lebanon's water requirements total 918 million cubic meters for irrigation and drinking purposes on the basis of a population of 3.5 million persons and 60,000 hectares of irrigated areas that will soon have to be increased to 90,000 hectares. It is assumed that the Lebanese population in the year 2000 will be about 5 million persons. The irrigated area will have to be enlarged to 200,000 hectares, including 120,000 irrigated in the usual way and 80,000 by sprinklers. Therefore, Lebanon's water requirements have been estimated as follows:

Annual total 1.818 billion cubic meters; i.e., an average of 232.5 million the monthly total, and 363 million the monthly maximum (August).

Naturally, these figures do not include the water needed to generate electric power because part of it returns and is used for drinking water or irrigation as in the Bisri, Awwali, and Jun rivers. Nor has the water needed for industry and the water wasted in the main distribution system been taken into account, an amount estimated at 20 percent under the best of circumstances. It appears that Lebanon's current water requirements are close to the supply of an arid year, i.e., 1.125 billion cubic meters, and that its requirement in the year 2000 will be close to the supply of an ordinary year, i.e., 2.250 billion cubic meters.

Thus, Lebanon cannot give up a single drop of its water now or for its future generations.

5214

CSO: 4404/483

MIDDLE EAST AIRLINES REQUESTS LOAN DUE TO CLOSED AIRPORT

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 59, Apr 84 p 35

[Article: "Middle East: Special Executive Board in Paris Requests Loan of 100 Million Lebanese Pounds"]

[Text] The Executive Board of the Middle East Airlines-Air Liban has held a special meeting at the office of the Intra Investment Company in Paris. The meeting included Salim, Salam, Roger Tamraz, Khalid Abu al-Sa'ud, George Karam and an Air France representative.

The meeting dealt with the liquidity crisis being experienced by the airline as a result of the impact of the continued stoppage of work at Beirut International Airport. It also dealt with means to tackle this crisis.

After deliberation, the conferees decided to try to borrow the sums the company needs to be able to continue to pay the constant costs for the next few months, especially the salaries of the 5,000 employees and workers, keeping in mind that these salaries were cut by half nearly 2 months ago.

The sum needed has been estimated at nearly 100 million Lebanese pounds and the company management has been entrusted to contact the banks concerned to arrange for this loan.

However, the conferees have been apprehensive that the banks would not respond to their needs, even though the company's financial position is good, even though it is facing a liquidity crisis at present. But the problem lies more in Lebanon's situation than in the company's financial position. The banks may be reserved, at present, in lending any Lebanese company operating in Lebanon, regardless of such a company's financial position. But observers expect the Middle East management to be able to arrange for this loan, considering that the company's material and moral assets and its good reputation continue to enable it to resort to borrowing.

In case the company is unable to borrow the needed sum, there is a possibility that the State of Lebanon will supply it directly. Some of the board members had proposed resorting to the state directly, i.e. disregarding borrowing altogether. But other members, especially the Lebanese, preferred to leave the state as a last resort, keeping in mind that the state has already

granted the company, through the Development and Reconstruction Board, a loan of 150 million Lebanese pounds.

There is no doubt that the resumption of activity at Beirut International Airport and, consequently, putting the company's fleet into operation anew is capable of alleviating the intensity of the liquidity crisis and, perhaps, of eliminating the need to borrow the full 100 million pound loan or to repay it at maximum speed.

It is well known that the company is losing nearly 1.5 million Lebanese pounds daily as a result of the closure of Beirut Airport. The accumulated losses have amounted to nearly 400 million Lebanese pounds.

8494

CSO: 4404/469

AIR CARGO CARRIER LOSES 145 MILLION POUNDS IN LAST 4 YEARS

Paris AN-NAHAR ARAB REPORT & MEMO in English Vol 8 No 13, 14 May 84 p 2

[Text]

Losses by Lebanon's all-cargo flag carrier Trans Mediterranean Airways (TMA) have totalled LL.145mn over the last four years, the Beirut *Daily Star* reported last week. Most of the loss – about LL.100mn – is directly attributable to the forced closure of Beirut International Airport. The Israeli invasion of June 1982 cost the company more than LL.40mn in damage to plant and facilities at Beirut Airport.

Total losses in 1983 were LL.61mn and a further LL.19mn was lost in January and February this year. Beirut airport has been closed since February 3. A timetable for re-opening it has already been discussed in the new cabinet of Rashid Karami. However, differences between the Muslim militias and the Lebanese Forces over responsibility for security will have to be resolved before the go ahead for the resumption of operations can be given.

Figures for the losses were given by TMA's chairman, Munir Abu Haidar, in letters to the new ministers of social affairs, economy and commerce, public works and finance.

Mr Abu Haidar said the airline had lost flying rights on a number of routes which had formerly generated more than LL.350mn a year in revenue. The company has had to sell five of its aircraft, which had entailed redundancies for both engineering and flying staff, he said.

Despite requests to the Lebanese government for financial support in the form of working capital, no loans have been made available. In his letters, Mr Abu Haidar said TMA would be forced to resort to "drastic measures to prolong its very existence."

TMA has had about 650 staff on half pay since September and said it would have to cut this to quarter pay from June. After a further two months, TMA would have to dismiss them, Mr Abu Haidar said.

AL-SHUF ROADS TO EAST, SOUTH REMAIN IN POOR CONDITION

Beirut AL-NIDA' in Arabic 21 Apr 84 p 5

[Article: "Al-Shuf Roads Are Only Route to al-Biq'a' and South; Potholes and Israeli Roadblock at Jazzin Increase Distance"]

[Text] The roads through al-Shuf have become the only link between the capital and the villages in three provinces--South Lebanon, al-Biq'a' and North Lebanon.

However, the roads through al-Shuf and Mount Lebanon, especially the Batir-al-Mukhtarah-Qabr Shamun-Beirut road, are more like large bogs, as deep as one-half meter with a diameter of about 40 meters.

Large potholes that almost connect stretch over a long distance where there is no longer any asphalt. The story of the roads in al-Shuf is a very long one. For years these roads have not been maintained nor received even cursory attention from those responsible at any level. As one of the local residents said to Al-Nida', "Why would they be interested when they don't drive on them and go through what we do--shattered nerves, wasted time, ruined cars, etc."

This has become reality after all the roads in the area turned into potholes, bumps, bogs and puddles. In some places you think you are in the middle of plowed land.

Furthermore, the Israeli occupation and its henchmen, the "Lebanese Forces," have closed the coastal road between the south and Beirut at al-Awwali River and detoured the international route through Jazzin-Batir-B'aqlin-Jisr al-Qadi-Qabr Shamun-Beirut even though these roads do not meet the requirements of an international route nor of large trucks, which when loaded weigh more than 40 tons. The road is also narrow and has not been maintained by the Ministry of Public Works. The al-Biq'a'-al-Jumhur-Beirut route has also been detoured to al-Biq'a'-Dahr al-Baydar-'Ayn Zhalata-B'aqlin-Jisr al-Qadi-Qabr Shamun-Beirut, which is no better than the Batir-Qabr Shamun-Beirut route.

This is not said lightly, it is really how things are. The people of al-Shuf, the south and al-Biq'a' suffer daily, since it takes more than 1 hour to cover 5 kilometers on some roads, and potholes, heavy traffic and narrow roads cause trucks and cars to overturn.

In addition to this, people also have to spend a great deal on fuel and continual, almost daily vehicle maintenance.

The story of the al-Shuf and Mount Lebanon roads is one of neglect known to all--a story of neglect and laxity of many years. There is absolutely no justification for this laxity, which is intentional, as corroborated by clear evidence.

We say this laxity is unjustified because the security situation is normal and stable, and there are many contractors and sufficient asphalt. However, this year as in past years, the Ministry of Public Works boycotted the nationalist areas in Mount Lebanon, working in all other areas except Mount Lebanon. This was confirmed to AL-NIDA' by a reliable source: "Last year the Ministry of Public Works awarded a contract according to requirements, but didn't give the contractor work to do in Mount Lebanon. The Minister of Public Works recently renewed all contracts for all contractors in Lebanon. This would lead you to expect the ministry and its branches and contractors to begin work in Mount Lebanon, especially since the roads there are the main ones in Lebanon, connecting various areas and connecting the capital with all the other areas, and these roads are in extremely poor condition."

The source added, "The projects at the Ministry of Works have been funded. However, these projects haven't been heard of since 1981. There are a contractor and an asphalt mixer in al-Baruk, but the contractor doesn't do any work. We have discovered that no orders have been given to begin work. We want the Minister to give the orders since the Development and Reconstruction Council has a project to rebuild the roads, for which 200 million pounds has been earmarked. We also want work to begin, contracts to be awarded and the roads rebuilt."

An informed party source insisted through AL-NIDA' that a regional office for Mount Lebanon is necessary to inspect and maintain the roads, "because the maintenance division for Mount Lebanon located in al-Dikwanah can't do its job so far from the area. We contend that the government always has a yearly budget to be spent on the roads, but nothing has been spent on our area for years."

Public Opinion

While AL-NIDA' was traveling the roads, we met with many people, and opinions were similar: "We can't stand it anymore. Haven't we people in the South and al-Shuf been through enough, falling prey to potholes, puddles and bumps, spending our money and our time and having our nerves shattered as a result of the government's neglect of the roads in al-Shuf and Mount Lebanon?"

Mr 'Ali M., who is from the South and a driver between Beirut, the suburb and the south, said to AL-NIDA', with pain and resentment, after the coastal road was closed, "Is it our destiny to pay the price whenever we face shelling, neglect, shattered nerves and hours of wasted time, just because we work to feed ourselves, in addition to the inhumane treatment we receive

when we travel from al-Shuf to the south? It's a daily, continuing tragedy we live through. By God, we ask you, isn't al-Shuf considered part of Lebanon? Yet we see this neglect which proves that the plot is being perpetrated against all nationalist areas."

AL-NIDA's second interview was with al-Hajj Muhammad, who said, "The roads in al-Shuf from beginning to end are in very poor condition because of the many, big potholes. This is the second time I've used this road, and my family and I have suffered a lot on the road. It took about 5 hours to go no more than 60 kilometers."

Sayyur: "Civil Administration is Repairing Roads"

AL-NIDA' met recently with comrade 'Adil Sayyur, secretary of the Civil Administration, who supervises the works committee, which is doing its best to fill the potholes with stones and crushed gravel and then level them to make things easier for the local people.

Comrade Sayyur said, "The Civil Administration in al-Shuf, with the help of the Progressive Socialist Party headed by comrade Walid Junblatt, is currently repairing the roads in al-Shuf as best we can, after it became impossible to drive on them because of the potholes and puddles. This project includes filling the potholes with stones and gravel, then leveling them and opening up the ditches next to the road, which are clogged with dirt and stones and flood the roads in the winter. We are also trying to rebuild the borders of the roads.

Regarding the government and its responsibility, comrade Sayyur said, "It is clear that the government doesn't consider this area part of Lebanon and ignores the fact that the foundation of Lebanon is Mount Lebanon. These roads that the public uses to travel from the south, Beirut and al-Biqa' are no longer serviceable, as if they mean nothing to the regime, and consequently as if these people were second class. The government makes no attempt to believe that this area is part of Lebanon as it considers Kasrawan or Juniyah, where there are wide roads, continual maintenance and repaving year after year."

He added, in reply to a question, "We heard that the Development and Reconstruction Council and the Suburb Development Organization were serious about participating. However, that was words and no action, as you see.

"There are many contractors to level and repave these roads, and money has been available for 3 years, but still no work has been done on the land. Therefore, we hope that officials will look at al-Shuf with both eyes, not just one, although we are sure that they see with only one eye."

9882

CSO: 4404/471

BRIEFS

FIRST QUARTER IMPORTS--The value of imported manufactures amounted to 28,279,000 pounds during the first quarter of 1984, which is comparable to 1 month's imports during 1983. Statistics from the General Administration for Industry show that these exports [as published] began to decrease by 20 percent a month, as follows: 11.2 million pounds in January: 9,179,000 pounds in February; and 7.9 million pounds in March, for a total of 28,279,000 pounds. The General Administration for Industry attributed the decline to security factors and the problems that the country faced during February and March. Imports can be broken down as follows: Soybean cakes, natural and mineral water, beverages, various types of clothing, textiles, rugs, bedding, tanned and processed skins (excluding shoes), shoes, laminated wood and veneers, furniture and other wood products, chemical products, paints, medical preparations, paper and paper products, cardboard products, non-mineral products, (black) cement, metal products, aluminum products, small goods, electrical equipment, industrial machinery and mixers, plastics and other products. [Text] [Beirut AL-SAFIR in Arabic 24 Apr 84 p 6] 9882

BANK CREDITS UP 11 PERCENT--Bank credits for the Lebanese economic sectors increased in the second half of last year by 11 percent compared with an increase of 18.7 percent in the first half of the year. It is worth noting that the level of credits last year gradually declined from about 3 percent a month during the first half to less than 2 percent a month during the second half. This shows how credits were affected by the political and security situation that prevailed in the country from August 1983 to the end of the year. It is worth noting that the increase in credits achieved throughout the year (about 30 percent) does not represent any actual increase if account is taken of the amount of interest earned by the customers, which is a minimum of 1 percent monthly. Account should also be taken of the fictitious addition to the credits advanced by foreigners as a result of the rise in exchange rate of the dollar. [Text] [London AL-HAWADITH in Arabic 11 May 84 p 50] 5214

STEADFASTNESS COMMITTEE MEETING--Western al-Biqa'--The committee for support of the steadfastness of Western al-Biqa' and Rashayya held yesterday a meeting in which it discussed the conditions and new developments faced by the citizens of the occupied Western al-Biqa' and Rashayya. The conferees also discussed a number of activities which the committee will carry out in the coming period. The committee further decided that it is necessary to call for a general meeting on 29 April 1984 to discuss and examine all the issues concerning it. Furthermore, the committee for support of the steadfastness of Western al-Biqa' and Rashayya decided to prepare for a symposium on the 17th of next May and for a similar symposium on 6 June which will result in a call for a demonstration and movement reflecting our people's and masses' adherence to the land and their rejection of the Israeli occupation. [Text] [Beirut AL-NIDA' in Arabic 19 Apr 84 p 3] 8494

CSO: 4404/469

BRIEFS

ANNUAL OIL PRODUCTION--Syria is currently producing nine million tonnes of oil a year of which 5.5 mn tonnes is being exported, according to the Syrian oil minister, Ghazi al-Droubi. Mr. Droubi, who was in Kuwait for last week's meeting of the Organisation of Arab Oil Exporting Countries, told Al-Rai al-Aam that Syria was also importing crude oil from Iran on preferential terms. The oil has been provided as compensation since Damascus closed the Iraqi export pipeline to Turkey, which runs through Syria. Syria is also importing 11 mn tonnes of oil a year, including that from Iran, Reuters reported. The imported oil is blended with Syria's heavy domestic product for easier refining in the country's two plants, at Homs and Baniyas, which have a combined throughput of 220,000 b/d. Syria appears to be reversing the recent decline in domestic oil production. However, the nine million tonnes production level is still considerably below the ten million tonnes produced in 1976. Production in 1983 was 8.4 mn tonnes, which was marginally up to the two previous years. Of more concern to Syria is its deficit in oil trading, with the value of crude oil imports still greater than oil exports. In 1982, Syria exported 5.32mn tonnes of crude worth SL4.1bn, and imported 5.2mn tonnes at a cost of SL4.25mn. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English Vol 8 No 13, 14 May 84 p 9]

CSO: 4400/243

FORMER KING EXERTS EFFORTS TO UNITE RESISTANCE GROUPS

Christchurch THE PRESS in English 17 May 84 p 20

[Article by Ralph Joseph in Paris]

[Text]

After living silently in exile during the first four years of the occupation of his country by Soviet forces, the former king of Afghanistan, Zahir Shah, has begun to play an active role in trying to unite the Resistance groups as a first step towards getting the Russians out.

On the occasion of Nowruz (the Afghan and Iranian New Year, on March 21), the king issued his first formal message to his countrymen since his overthrow and exile 10 years ago. He asked for a "concerted effort of all the Resistance elements within the framework of an all-embracing United Front, which would include all the factions and sections of society."

The "United Front" would serve two purposes. First, the war effort would be "strengthened and co-ordinated even more." Second, "the United Front would be empowered to represent all of the National Resistance movement of Afghanistan in any negotiations which may take place in the future of the

Afghan question at the international level."

Zahir Shah, whom some scholars have described as a shy and somewhat reluctant king when he sat on the throne in Kabul (he was said to have "breathed a sigh of relief" when overthrown in the coup of 1973), first floated the idea of a United Front during meetings with a number of Resistance leaders. After receiving a positive response from them, his next step was to broadcast the idea more widely in an interview with "Le Monde" in June, 1983.

He was careful to emphasise: "I have no personal ambitions and particularly no ambition to re-establish the monarchy." His sole aim, he said, "is to serve my country. It is my duty to create the conditions and the necessary climate of understanding and unity. The Afghani people have a very strong desire to see such unity come about."

Zahir Shah has no illusions that the Resistance forces, even if

united, would be strong enough to throw out the Russians by a military victory. But the guerrilla war going on in Afghanistan has all the appearance of having reached a painful stalemate, and there have been indications that the Russians, too, are getting a little weary of the fighting. They may be looking for a face-saving way out of the situation.

As the former king expressed it: "From time to time we hear rumours that the U.S.S.R. may at some point be ready to discuss the situation with representatives of the Afghani Resistance. If this intention is serious, it is necessary to create a united organisation qualified to speak in the name of the Afghani people. The representatives designated by the Afghani people could take part in such negotiations and would have the power to ensure that promises were kept."

The response he received from the various Afghan Resistance groups may have surprised the former king himself. According to Homayun Assefy, a former Afghan diplomat, several Resistance leaders "asked the king to clarify his precise intentions," and held a meeting with him in Rome where the former monarch lives in exile.

Once again the king "told them that he had no personal ambition," and that "he was not working to restore the monarchy." Zahir Shah emphasised that "real unification" could not be brought about by decree. It was for them, the Resistance leaders, "to sit around a table and discuss their differences."

Participation in the meeting would be open not only to repre-

sentatives of the various Resistance groups, but also to representatives of the country's 29 provinces. The United Front would have a "Constitutional Assembly" of elected representatives.

Assefy, who is a member of the preparatory commission set up to create the Constitutional Assembly, has explained that it would be made up along the following lines: There would be "three elected delegates for each of the country's 29 provinces. The (Afghan) refugees in Pakistan and Iran would elect about 60 representatives, four Afghans would represent the refugees in Europe, four Afghans would represent the refugees in America, and four would represent the refugees in other Asian countries. Each major political organisation agreeing to join the Assembly's process would enjoy 15 representatives."

Thus the Constitutional Assembly would be comprised of considerably more than 200 elected and delegated members.

Several Afghan groups have expressed hostility to the king's idea. But, says Assefy, "one of the commission's tasks is to explain things to those people whose initial response to the king's call was negative." If some of the Resistance groups believed they could form a majority, "let them participate in the Assembly, and they can form a majority there."

Participation would have "nothing to do with taking up a position for or against the former king or the former government."

There have been other efforts to unite the Afghan Resistance groups, one of the most recent

being the initiative by Ahmad Shah Masud, the guerrilla leader now engaged in fighting off the latest Soviet offensive in the Panjshir valley.

But Masud is young and inexperienced in the tricky business of finding the lowest common factor among the myriad of ethnic, tribal, political, religious, and regional interests in Afghanistan. The king, by contrast, has had several decades of experience in this kind of thing.

Masud, moreover, has been accused of trying to use his unity efforts to gain a status of national leadership among the Afghan Resistance forces — though ironically enough, several Resistance groups who have opposed him on ideological grounds, or plain jealousy, have asked their guerrillas to go to his assistance in the Panjshir valley after the Soviet offensive launched on April 21.

Meanwhile, the European Parliament has passed a resolution recognising the Afghan Resistance as the representatives of "the general will of the Afghan people," but the European governments have not individually followed suit. Michel Verron of the Paris-based Bureau International Afghanistan, believes that the emergence of a centralised body similar to the Palestine Liberation Organisation, would make it easier for several countries to extend recognition to it, and channel assistance to the Resistance through it.

SOVIET TROOPS REPORTEDLY HAVE SURROUNDED PANJSHIR VALLEY

Kuching THE BORNEO POST in English 10 May 84 p 4

[Text] ISLAMABAD, Wed--More Soviet troops and equipment have been dropped in the Pan shir valley in Afghanistan, a western diplomat said here.

"It's puzzling why paratroops should be landed in an already secured area, but one possible reason is that Soviet troops and material are being brought from the USSR and dropped directly," said the woman diplomat, who did not wish to be identified.

An estimated 20,000 Soviet troops who began a thrust April 21 to wrest the strategic valley from the hands of Muslim fighters had consolidated positions at Anawa, Rokha and Bazararak by late April.

Fresh troops and equipment were dropped in the middle of the more than 100-kilometer-long valley around May 1, after strongholds were set up and security patrols begun between Anawa and Bazararak to the South-West, the diplomat said.

At about the same time a new contingent of around 100 special "Khad" secret service troops left Kabul for the valley, she added.

Very few Afghan regime troops appeared to be involved in the current Soviet attempt - the seventh in four years - to take the valley which lies north-east of Kabul and through which the main highway to Soviet border passes.

"It appears the Soviet and Afghan regime forces were trying to encircle the Pan shir valley, though as of May 2 the passes into Kohistan (to the south) and Arab (the side valley to the north) were still open", the diplomat said.

She said "little hard information was available on the situation as travel from the valley was difficult. The Soviets have closed the south-western mouth of the valley and anyone leaving the valley has to take long circuitous routes to Kabul.

Some Panjshiris reaching the Afghan capital reported that the Soviet losses in the fight for the valley were largely inflicted during the first four days of fighting.

They were also quoted as saying the Soviet forces would not attempt the numerous side valleys "until they have blocked the Mujahideen (resistance fighters) escape routes"

Attacks

Meanwhile Ahmad Shah Massoud, the Panjshir Mujahideen leader with a string of exploits to his name and whose exact whereabouts have not been known since the Soviet attack on the valley began, was said to be currently meeting Hazara Mujahideen in their territory north-west of Pan shir to plan new attacks on Soviet traffic on the northern highway and through the Salang Tunnel.

"Massoud is well and remains outside the valley", the diplomat said.

A group of about 400 Mujahideens coming from Kohistan and Kunar valleys to the aid of the Panjshiri comrades were reportedly caught in the open by Soviet helicopters as they were entering the Main Valley.

Around 200 of them were gunned down and "slightly fewer" escaped, the diplomat said. Apart from that, resistance casualties in the Pan shir fighting had been light.

In a comment on western media's analysis of the high altitude of Soviet saturation bombing which preceded the armoured thrust into the valley, the western diplomat said: "We would not discount the terrorising effect on civilian population of high altitude bombing.

"But the use of such weapon is an extension of the Soviet practice of targeting civilian population centres and not a few departure.

CSO: 4600/578

ARTICLE EXAMINES CONTINUING CONFLICT IN COUNTRY

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English No 33, May 84 pp 66-75

[Article by Aslam Abdullah, Olivier Roy, and Robin Ade: "Afghanistan: The Lonely Jihad Continues"]

[Text] It has now become an annual world ritual to observe March 22 as Afghanistan Day, in solidarity with the Afghan people in their jihad against the Soviet Union, without actually doing much to help the Mujahideen, either politically or militarily. So far, more than 50,000 Afghan Mujahideen have sacrificed their lives, and nearly four million are living as refugees in Pakistan and Iran; but support from the world community, including the Muslim world, has been mainly vocal.

Some 250,000 Soviet soldiers, supported by 500 fighter planes, 700 helicopters and 4,000 tanks, are stationed in Afghanistan, threatening the security of the South Asian and Gulf countries, but there seems to be little global awareness of the impending danger. The process of complete Sovietisation of Afghanistan, including the division of the country on the pattern of Central Asia, is now threatening the survival of the country's Muslims.

The anti-communist and anti-Soviet attitude of the Afghan people has brought the West close to their struggle. The West has tried to encourage the emergence of a political solution, and has repeatedly indicated that if the Soviet Union is willing to lessen its military presence in Western Europe, then the West is ready to review its policy on Afghanistan. On the other hand, the West has toyed with the idea of forming a national government, comprising King Zahir Shah and some other Afghan nationalist leaders.

The Soviet Union has given hints that it may withdraw its troops from South Afghanistan if it is assured that other countries will refrain from interference in Afghanistan. The format of a national government on the basis of this Soviet proposal would obviously defeat the real purpose of the jihad; the Soviets hope that this move would divide the people and Afghan Mujahideen groups.

Reports occasionally appearing in the press suggest that the Mujahideen are fighting among themselves. While there exist differences over tactics and strategy, on one objective all the groups are united: all want an early

Soviet withdrawal and a change in the Kabul regime. Moreover, all these groups have now realised that the ongoing jihad has given the Afghan people, who are divided into various tribes, a real sense of unity, and that as long as this spirit prevails the bonds of togetherness will grow stronger.

In only four years the diversity of ethnic origins, dress, food, and ways of life has started giving way to broader Islamic unity. The jihad is as intense in the southern flank of the Hindu Kush, home of the Pushtuns, as it is in Herat in the west, where the inhabitants are Tajik. In the central Hindu Kush the Hazarajat, mostly Shias, are as deeply involved in the jihad as the Sunni Turk tribes in the north of the Hindu Kush.

When the Soviets invaded Afghanistan in December 1979, most foreign observers did not think that the unorganised and ill-equipped Mujahideen had any chance of successful resistance. Nor did the Soviets--they thought the resistance would slowly decay as the new regime increased its influence and power, due to the presence of the Soviet troops, and also its nationalist posture.

Four years later, the situation is quite different. The jihad is under way, and the Mujahideen are making progress both militarily and politically. Most of the countryside is in their hands; one can travel freely through their territory, and areas have been completely cleared of any Soviet military presence.

Soviet and government troops seldom venture outside their bases and outposts. In any case, the official forces--heavily armed, equipped with armoured vehicles and organised on the principle of centralisation--are geared for continuous front-line duty rather than anti-guerrilla operations. This does not mean there is no war, but it does mean that there is no regular confrontation between two large armies.

The Soviets have adopted two military strategies in Afghanistan: heavy retaliation bombardments on civilians, as witness the recent attack on the town of Istalef, 30 miles north of Kabul; and big combined offensives, with air-lifted paratroopers dropped in the rear of the Mujahideen as thousands of armoured vehicles try to encircle them. But, except for inflicting heavy civilian losses and causing a massive exodus, this strategy has failed to achieve any significant military successes against the Mujahideen.

The best example of this lack of success is the failure of six big offensives directed against the stronghold of the Panjshir Valley, 50 miles north of Kabul. This "Valley of the Five Lions," which has received a great deal of media coverage, is nearly 70 miles long, and has some 40,000 inhabitants living in a number of villages. The valley is littered with hundreds of destroyed tanks, which were transported from the big military airbase of Bagram, some 15 miles away.

After each offensive, despite the destruction of villages and devastation of orchards and crops, the valley has emerged more stubborn, strong and free. The operations planned by the Soviets for this summer are unlikely to produce any different results.

Another important area of resistance is the rugged, mountainous steppes of the Hazarajat in the centre of the country. The inhabitants of this huge hinterland have forced both military and economic concessions from the Soviets. A vital road link to the capital runs through the Hazarajat mountains, and the goods which flow along this lifeline support a large population, swollen by hundreds of thousands of refugees from the countryside. Important commodities travel by road from the USSR, and the success of the resistance groups along the route is reflected in the regular shortages of food and fuel among the Soviet military.

Afghanistan's other big cities, Qandhar in the south and Herat in the west, are also important resistance centres, in spite of their vulnerable locations. Since 1979 they have remained constant targets of bombings and other reprisals. These cities have recovered from the severe shock of 1980, when several hundred leading citizens were assassinated and their bodies dropped from aeroplanes over a mountain lake near Ghazni.

The Qandhar resistance, instead of being crushed, has become increasingly active, and even after the stationing of Soviet troops in bases outside the city, communist control has remained at best tenuous. Although half the city has been flattened, its large population--desperately short of food and medicines--have dug themselves in and refuse to surrender.

The Mujahideen, especially in the northeast, are adopting modern warfare tactics, using mobile and well-trained groups instead of numerous but part-time fighters. They are gradually learning to coordinate attacks on the communication lines of the enemy, thus avoiding futile onslaughts on well-fortified points. It was in order to buy enough time to establish such an organisation--not only in the Panjshir Valley but in the whole northeast--that Masood concluded a provisional truce.

One can identify three main war zones: areas of hot war; areas of frequent skirmishes; and areas of no war, no peace. In the south the ulema are now leading the jihad. They favour a return to the Sharia, but are not committed to a particular form of government. This area experiences frequent clashes and skirmishes.

The centre is more or less a no war, no peace area. Occasionally the Soviets try to mount an attack, but these are successfully repulsed by the Hazarat tribals.

The north is the most combative part of the country. The leadership is in the hands of young Islamic revolutionaries, generally backed by Sufi orders, who in North Afghanistan and in the bordering Soviet Central Asian republics are the guardians of Islamic traditions.

Many of these groups have already established a flexible administration, including schools in some areas. The administration is in the hands of "qazi", who take decisions according to the Sharia. They have abandoned the secular state laws which prevailed before the communist invasion. The five or six largest Mujahideen groups have built a practical unity inside the country; one which, however, is not always reflected in Peshawar.

The gradual disappearance of differences between the fighters and the urban and rural masses makes it difficult for the Soviets to penetrate the countryside, and even some big towns, such as Herat and Qandhar, remain immune to Soviet pressure. The Soviet army has made some technical progress, and has increased mobility by using helicopters, surprise night attacks and more adapted weapons. But the task of "pacification" is carried out by the KGB, not the army. The KGB acts through the Afghan secret police, the Khad

Their policy aims at dividing the resistance by playing on the traditional fragmentation of Afghan society. The Khad does not attempt to spread marxist propaganda; on the contrary, it uses traditional methods of attracting allegiance; money, weapons and appointments to official posts.

Paradoxically, while the Soviets are working via the old and conventional methods the Mujahideen are trying to introduce more modern methods of organisation. The success achieved by the Soviets is no greater than that attained by the old tribal policy of the British colonialists.

Can the Mujahideen mount a serious challenge to the Soviet military machine?

The Mujahideen's military capacity depends on four factors: weaponry, training, political organisation and commitment to the jihad. They now have enough infantry weapons, except in the west, where Iran does not normally allow weapons to cross its borders. Their arms include machine guns, anti-tank rocket launchers and 82mm mortars, but they do not have heavy guns or anti-aircraft missiles.

The Mujahideen are not well trained in handling heavy weaponry, and nobody is giving them any training. They know how to use small arms, but they have yet to master basic guerrilla tactics, like the use of mortars in combined actions.

The Mujahideen also need a political weapon--a relatively united party which can liaise with the outside world and organise diplomatic efforts on the world scene. Finally, the fighters also need an unconditional commitment to the jihad which pushes into the background all other ethnic, tribal and nationalistic considerations.

Added to these four internal factors is a fifth--external support. The jihad does not receive the help it deserves from the Muslim countries. The reasons may be a lack of interest in Afghanistan, and apathy towards Islam in general. The Organisation of the Islamic Conference (OIC) adopted countless resolutions in support of the jihad, but the OIC member countries have done little to support the Mujahideen.

This is partly due to the nature and character of the elites who govern Muslim states, and partly due to the pressures of international politics. For example, Bangladesh recognised the Babrak Karmal regime during the last Non-aligned Summit under pressure from Mrs. Indira Gandhi.

Many regimes in the Muslim world are concerned primarily with safeguarding their own survival. Some have, however, shown their support for the Mujahideen,

but they face a real dilemma. If the jihad succeeds in Afghanistan, its consequences would be far-reaching for the umma; it would be a significant victory for Muslims against the superpowers, and the urge to unify the umma for the supremacy of Islam would grow far stronger. Such a situation would obviously be problematic for the secular Muslim regimes, who have so far denied Islam a role in the affairs of their countries.

Moreover, many governments are apprehensive about Soviet expansionism. Some Muslim regimes perhaps do not want an early Soviet pull-out from Afghanistan, but nor do they want the Mujahideen to be completely wiped out.

The help of the Mujahideen have so far received from the Muslim countries has been mainly in the form of individual contributions forwarded by sympathisers, mainly resident in the Gulf. In the Muslim countries, the Islamic parties are the real vanguard for mobilising support for the jihad. They are the natural allies of the Mujahideen, and it is up to them to put mass pressure on their governments to take practical steps to help the jihad.

More than any other group, it is the Jamaat-e-Islami of Pakistan who can motivate the world's Islamic movements to take concerted political action supporting the jihad. Most of the Mujahideen groups have their offices in Pakistan's refugee camps, and they are in constant touch with the Islamic groups of Pakistan.

It is up to the Islamic movement of Pakistan to see that their country remains committed to the jihad. In Pakistan, leaders like Hanif Ramay, former chief minister of Punjab, Maulana Shah Ahmad Noorani, President of the Jamiat-ul-Ulema Pakistan, as well as Khan Wali Khan and Mir Ghous Bakhsh Bizenjo, chief of the Pakistan National Party, are arguing the case for opening a dialogue with the Babrak Karmal regime. Benazir Bhutto's Peoples Party also remains committed to an abandonment of the Afghan jihad.

The Jamaat-e-Islami has included support for the jihad in Afghanistan in its proposal for unity among the political parties of Pakistan. If General Zia's successor regime remains committed to the jihad, this will be a significant achievement for the Jamaat-e-Islami.

The Pakistan Islamic movement must create a popular base for the jihad. It should convene a conference of world Islamic movements in Islamabad to discuss various means to strengthen the jihad. Similarly, the Islamic government of Iran, which has so far refrained from taking a bold attitude towards the Afghanistan jihad, also needs to play a more active role in supporting the Mujahideen. A communist government in Afghanistan is as dangerous for Iran as for Pakistan and the Gulf countries. Both Pakistan and Iran are in a position to give military training and weapons to the Mujahideen.

Apart from Iran and Pakistan, the other country which occupies a strategic place in the Soviet political map is India. Mrs Gandhi's government has remained an ally of the Soviets, ignoring the growth of popular support in India for an independent Afghanistan.

India's opposition parties, especially the Janata Party, have a key role to play in consolidating the popular anti-Soviet sentiments by taking political initiatives on the Indian sub-continent. The Janata Party should convene a convention of Indo-Pak political parties to discuss strategies to counter Soviet expansionism. Such a convention would receive support from many Pakistani political parties; the Jamaat-e-Islami has already shown its willingness to welcome such an initiative.

Strangely, the West, despite its overt support for the Mujahideen, has done little practical to help them. The reasons may lie in an overestimation of the military might of the Soviets, plus pessimism about the dynamism of the Afghan resistance. Western policy vis-a-vis Afghanistan needs careful reappraisal.

The geo-strategic status of Afghanistan at the end of the 19th century was that of a buffer state between the British and Russian empires. When the British withdrew from India in 1947, the Americans did not replace them, and Afghanistan lost its significance in the "Great Game". US foreign policy was mainly concerned with Turkey, Iran and Pakistan. Afghanistan was regarded as a mere glacis for the USSR. The fate of Afghanistan was of peripheral concern to the US.

However the Soviet invasion brought some changes. It was not that Afghanistan suddenly became a stake for western security; the perceived danger came from the change in Soviet foreign policy, which seemed more interventionist and aggressive than before.

The Soviet invasion was not an act of self-defence, because neither America nor Pakistan were trying to bring either a pro-western or an Islamic regime to power in Kabul. On the contrary, it was Afghanistan which was encouraging some Pakistan elements to carve out a Pakhtunistan on Pakistan's northwest frontiers. A former Indian foreign minister revealed that Hafizallah Amin had told him during his visit to Kabul in 1978: "Let us have a secret pact; you take one part of Pakistan and we take the other part."

In the political climate prevailing in the region, a neutral Afghanistan suited Pakistan as well as the US. So it was the change in Soviet policy, and not the military occupation of Afghanistan, which worried the U.S. Present American policy is not directed towards reconquest of a country which never interested it anyway, but towards making the Soviets pay the toll for their new aggressiveness, in order to discourage them from repeating such a performance elsewhere. However, such a perception of the problem has serious drawbacks for Pakistan and for the Afghan resistance.

Pakistan's solidarity with the Mujahideen is not just a matter of Islamic solidarity. A tronationalist Afghanistan (as it was under Dauod, and may be if the communist regime continues to survive) is a danger for the north-western province and for Pakistan's integrity and survival as a state.

One should remember that the first government which gave asylum to the opponents of Dauod after the failed uprising of 1975, well before the communist

takeover, was that of Bhutto, who was not committed to Islam. The jihad in Afghanistan remains the first line of defence for Pakistan, because the Islamic resistance in Afghanistan is more attracted to Islamic solidarity than to parochial nationalism.

The Soviet presence in South Afghanistan is not so direct a threat for the Gulf as it is for Iran, Pakistan and India. For this reason a stable Pakistan is an asset not only for the Gulf but also for India and Iran. Soviet entrenchment in the region must mean an eventual dismemberment of these three countries. The Afghan Mujahideen are fighting a war which the West simply cannot afford to lose.

But the West is sabotaging its own regional interests by identifying certain groups from amongst the Mujahideen as the ones to negotiate a settlement either with the Babrak Karmal regime or directly with the Soviets. The West is taking this view at a time when the Mujahideen are making progress towards the establishment of a real political organisation, one which is capable of prolonging the jihad until final victory.

Many in the West think that negotiations between secular resistance groups and the Soviets could bring an early end to the jihad, which is strengthening the Islamic forces inside Afghanistan. But they must realise that as long as the Islamic forces remain the frontrunners in the resistance, a united struggle will continue inside Afghanistan. Without those forces, the resistance might degenerate into a tribal or feudal conflict. Such a degeneration would suit the Babrak Karmal regime, which could then play on shifting tribal alliances.

The West must address the questions: What kind of political settlement can ensure a free Afghanistan, and when and with whom should negotiations be held?

When indirect negotiations between Pakistan, Afghanistan and the Soviet Union were being held under the supervision of the United Nations, several suggestions were made concerning the formation of a national government. It was then argued that the ex-King Zahir Shah could lead such a government with the support of some nationalist groups. The idea was dropped because the Mujahideen refused to accept any solutions imposed upon them from above, and also rejected Zahir Shah.

Now the United Nations has recommenced efforts to work out some solution to the Afghan problem. In April the UN representative, Diego Cordovez, visited Pakistan, Iran and Afghanistan. It seems the emphasis this time is on developing a favourable attitude towards the Soviet proposals for withdrawal; Diego Cordovez has hinted that Pakistan and other neighbouring countries may be persuaded to guarantee that they will not "interfere" in Afghanistan if the Soviets decide to withdraw.

The Soviets have a definite advantage in following up such proposals. On the one hand they may be able to give the impression to the world that their presence in Afghanistan is an act of self defence, rather than aggression or expansion. Secondly, they hope to divide the Mujahideen groups on the question of the immediate objectives of the jihad.

It appears that the UN, the West, Pakistan and Iran have few objections to the development of this Soviet plot, although if it were successful the future consequences would be disastrous for the geo-political interests of all these countries.

If the Pakistan government agrees to any of these Soviet proposals it would not only betray the jihad but threaten the stability and security of Pakistan. Iran could also face similar problems.

The West needs to grasp the geo-political realities of the Muslim world. The emergence of Islamic forces throughout the Muslim countries has to be recognised and accepted by the West if the latter intends to analyse the existing realities with objectivity. The West must also realise that by neglecting or bypassing the Islamic forces in Afghanistan it is behaving like an ostrich. Recognition of the relevance of Islamic political power in seeking a solution to the Afghanistan crisis would be an important step towards forcing the Soviets to review their expansionist policies.

However, if the West refused to accept the reality, it will only harm its own interests. The Islamic forces will in all probability continue their jihad even if a nationalist government is formed with Soviet approval.

Western countries have a paradoxical tendency to see the southward push of the USSR as irresistible; this is because they do not pay attention to the real political forces, but rather depend on abstract military considerations. Some Afghan Mujahideen groups have made it known that they will continue to fight even without weapons. This jihad, they say, will not end with the withdrawal of the Soviet forces, but will be prolonged "until Muslim Central Asia is liberated from communism."

How long will this spirit persist? And how serious is the Mujahideen's ambition to take the jihad to Muslim Central Asia?

The Karmal regime has made desperate attempts to win over Afghan tribes. Karmal's minister have contacted Wazeer, Tauni Bajaour, Shinwari and Madakhel tribes, trying to get them to fight against the Mujahideen. However, all these efforts have failed.

There is popular support for the jihad among the people of Afghanistan. The typical Mujahid is now a national hero. Many of the Afghan army conscripts have defected to the Mujahideen with arms and ammunition, and many others are acting as informers from the Mujahideen. It is also known that during any military operations against the Mujahideen, command is not given to Afghans. There have been instances when Afghan soldiers have turned against the Soviets when the latter have organised attacks against the Mujahideen.

For religious, ethnic and national reasons, many Afghan soldiers and government officials do not normally take part in actions against the Mujahideen. This has caused immense organisational problems for the government, and as a result more than half of the Afghan bureaucracy is now run and supervised by Soviets.

News about armed clashes between Khalaqi and Parchami factions of the communist regime is spreading fast. Babrak Karmal has formed a special team of advisors, which exercises control over his cabinet, and keeps the Khalaqi element under its auspices. Karmal is suspicious even of his closest colleagues, and has now started showing perferment to his brother, Mahmud Baryab, and other near relatives.

The feuds between the Parchamists and Khalaqists have reached what many describe as a point of no return. Some time ago, certain tribal leaders approached the Mujahideen with an offer from the Parchamist governor of the Qandhar province to co-opt them as administrators. In return, he wanted them to help him expunge the Khalaqi elements from the area.

The Mujahideen rejected the proposal, saying: "Sharing power at any level with the agents of Russia is ridiculous. We are already in control of much of Qnadhar province." It is clear that the ruling People's Democratic Party of Afghanistan is at war with itself and the people.

On numerous occasions the Karmal regime has invited the Mujahideen leaders to join the government. In early 1983, Gulbuddin Hikmat Yar, the deputy leader of the Islamic Alliance of Afghan Mujahideen, was offered the prime ministership of Afghanistan. However, none of the Mujahideen have defected to the government so far.

Nevertheless, problems of disunity have also plagued the Mujahideen. Among the fighting units there are some nationalists, and even some secularists. At the moment, their influence in Afghanistan is negligible, as they have few concrete ideas about the future of Afghanistan.

The leadership of the Mujahideen is, however, in the hands of the seven-party Islamic Alliance of Afghanistan Mujahideen, headed by Professor Sayyaf. The Alliance includes Engineer Gulbuddin Hikmat Yar, Professor Burhanuddin Rabbani and Maulvi Yunus Khalis. It is true that the Alliance has not emerged as a single political organisation at various international forums, but it is also true that it is to the forefront of the jihad in Afghanistan. It is due to the Alliance that the Mujahideen groups are gradually adopting a common military strategy, and supplying each other with weapons captured from the Soviets.

Nevertheless, internal differences are present among the constituents of the Alliance. This is partly due to the propaganda of the enemy, and partly due to genuine misunderstandings among the Mujahideen themselves.

On at least two occasions the Soviet Secret Service has tried to disrupt the Alliance by issuing forged letters accusing this or that member of the Alliance of treachery against the jihad. In one of these letters it was mentioned that the Soviets were expecting some Mujahideen to come to terms with them if they (the Mujahideen) were assured a place in the next government.

These fake letters do not influence the Mujahideen groups, but they have an impact on the outside world, which considers many of these allegations to be true.

The western media also keep on publishing baseless news items about factional fighting among the Alliance members. For example, The Times of London reported in March that Professor Sayyaf had demoted many of the Alliance leaders, replacing them with his own men. It was suggested that Professor Sayyaf, Gulbuddin Hikmat Yar and Burhanuddin Rabbani do not like each other, and had even threatened to withdraw their groups from the Alliance. None of these reports proved to be correct.

Professor Sayyaf did make certain organisational changes within the Alliance in February. For example, Burhanuddin Rabbani was given the responsibility for the political committee of the Alliance, besides handling the defence committee. Maulvi Khalis was put in charge of the cultural committee, and the status of Gulbuddin Hikmat Yar as the deputy leader of the Alliance remained unchanged.

Although all these decisions were made with the consent of the Mujahideen, an exaggerated version of these events gives the impression that the Alliance is on the verge of collapse. Such news items serve the Karmal regime more than the West.

The Karmal regime has reorganised the publication divisions of the Information and Cultural Ministry under the supervision of Soviet media experts. This division is holding conferences and religious gatherings in areas which are under its control, and during these gatherings several Afghan officials, disguised as Mujahideen, are presented before a religious audience to give an official version of the jihad.

These agents have reportedly said that the jihad is a stunt and that the Mujahideen groups are interested only in obtaining money from the outside world. Moreover, the agents allege the Mujahideen continually fight over the division of the money. Misinformation supplied by the West strengthens the government's claims that the Mujahideen are unconcerned about the hijad of the people of Afghanistan.

One groups has suggested that the Muslim countries cannot provide any tangible support, as they are engrossed in their own problems. Others suggest that some countries should be contacted and asked to give military training to the Mujahideen.

Another issue that has remained controversial is participation in a national Afghan government if one is ever formed. Some Alliance members think that if the Soviet withdrawal can be secured by forming a national government, the Mujahideen should not hesitate to participate in such a government. Others believe that the jihad is the most powerful weapon with which to drive the Soviets out of the country, and that the jihad should culminate in the formation of an Islamic government.

Another debatable issue is whether to take the jihad to Central Asia. Some suggest that the jihad should be aimed primarily at freeing the country from the Soviets and the communists. Others think that the jihad is the beginning of a movement for the liberation of Muslim Central Asia.

The Afghan resistance needs a highly coordinated political organisation, Mujahideen well trained in guerrilla warfare, wider military and political support from the Muslim world, and--above all--the revival of the spirit of jihad in the Muslim countries.

At present, when the world, and especially the Muslim world, has nearly forgotten the jihad in Afghanistan, the Mujahideen need a comprehensive strategy for consolidating the gains of previous years and for attracting world attention towards the area. The Mujahideen groups must try to emerge as a cohesive party of Islamic workers in order to mobilise wider support for jihad all over the world, rather than trying merely for a limited victory in the form of a national government.

Certainly the Mujahideen groups have some differences of opinion over the question of strategy and tactics. After all, one should remember that the Mujahideen were never trained professionally to fight; they took arms when they realised that their silence would deprive them of their religion, culture and state. It is natural that they differ among themselves about the particular line of action they should adopt, but this cannot be interpreted as a symptom of an anarchic disintegration of their forces. These differences have not led any of the group to challenge each other's honesty and integrity.

One issue that has been hotly debated among the Mujahideens is how to involve the Muslim world in the jihad. Which countries or movements are the natural allies of the jihad? With whom should the Alliance maintain closest links, and at what level?

CSO: 4600/591

HUNDREDS OF AFGHANS REPORTEDLY MASSACRED BY SOVIETS

Kuching THE BORNEO POST in English 10 May 84 p 4

[Text] ISLAMABAD, Wed.--"Several hundred" Afghan civilians were massacred by Soviet troops at the end of March in an operation against two villages north of Kabul, a Western diplomatic source said here yesterday.

The source said Soviet tanks surrounded the villages of Dasht-E Asukhan and Dasht-E-Bolakhan in the Kohistan region which were then bombarded by helicopters. Soldiers shot down those who tried to escape.

Resistance sources at Peshawar were yesterday unable to confirm the report of the massacre, the worst Soviet troops have been accused of since their intervention in Afghanistan four years ago, diplomatic sources said.

The resistance carried out major attacks on April 26 parades on the sixth anniversary of the 1978 "Revolution", the military overthrow of the dictatorship of Mohammad Daud.

After first warning the population to stay away from the parade at the provincial capital of Ghazni, south of Kabul they killed or wounded about 40 Afghan soldiers and officials and injured about 20 spectators.

In a similar attack on the northern provincial capital of Charikar they attacked the parade with machine gun, rocket and mortar fire, killing about 20 soldiers and civilians and injuring about 50.

CSO: 4600/579

ENGLISH TRANSLATION OF ERSHAD'S 12 MAY ADDRESS TO NATION

Dhaka THE BANGLADESH TIMES in English 13, 14 May 84

[13 May 84 p 8]

[Text] Following is the English rendering of the President and Chief Martial Law Administrator, Lt. Gen. H. M. Ershad's address to the nation broadcast simultaneously over radio and television on Saturday evening.

Bismillahir Rahmanir Rahim, Dear countrymen, Assalamu Alaikum. When we took over the responsibility of running the country 25 months ago, we had two main objectives before us improvement in the economic condition of the people and re-introduction of democracy with a view to returning power to the people by introducing people-oriented administration. To achieve these two great objectives, we made relentless efforts during the last few months and under took various realistic and epoch-making steps to fulfil the pledges I made to the nation.

You are all aware that within 15 months of the Martial Law administration, we announced a proper and realistic programme for smooth transition to democracy. It is not known to me whether in the history of any Martial Law in the world the process of transition to democracy had ever been started in such a short time and with its own initiative. We had announced an overall election schedule for local and national level elections as per our commitments. The people welcomed the election schedule spontaneously. We got the manifestation of the will of the people in this regard in the proper completion of the Union Parishad and paurashava elections amid great enthusiasm.

In the subsequent phase, we had announced specific date for two national level elections. We depended totally on the provisions of the suspended Constitution in determining these dates because there was no other alternative before us. In the suspended Constitution, clear indications are there to hold the presidential elections and then the elections to the parliament, it is, because the suspended constitution provides for presidential system of government. It also provides that the elected President will summon the session of the parliament within 30 days of the completion of the parliament elections. Besides, under the suspended Constitution, it is not possible to form a government without an elected President and transfer power to an elected government from the Martial Law government. Further more presidential

elections were held twice in the past in accordance with the clear indications and requirements of the suspended Constitution. It is needless to mention that the only reason behind the announcement of holding the presidential election first was our earnest respect for and sense of confidence in the suspended Constitution. I do not think it is necessary to mention here that there is no intention of the present government to make any basic change in the constitution formulated by the representatives of the people because we have repeatedly said so previously. That is why we wanted that our election programmes and the entire process of transition to democracy should have to be completed in accordance with the provisions of the suspended Constitution.

To achieve this great objective, we invited the political parties with an open mind for dialogue to create a proper political atmosphere and discuss various national problems, and even the demands of the political parties. During January-February, I had a month-long discussions with the leaders of 52-political parties.

During these dialogues, which were held in an atmosphere of cordiality and with an open mind, we had not only been able to know the opinions of one another but also got an opportunity to come closer to one another to reach a national consensus. Some political parties, however, did not take part in the dialogue in this phase. Meanwhile, during my visit from one corner of the country to the other, I could understand from my discussions with the people that some differences were generated on the question of holding of the presidential election first from the stand point of some political parties.

These political parties thought that if the presidential election was held first there was a possibility of its influencing the parliament election. With a view to removing these feelings and doubts and to be respectful to the opinions of various political parties and alliances, I announced to hold the presidential and parliamentary elections on the same day--on May 27 next. At the same time, I also said that I would welcome any leader, party or alliance if he or they wanted to discuss this decision of ours aimed at transition to democracy.

Later, the 15-party and 7-party political alliances and some political parties built up a large-scale movement on the issue of Upazila Parishad chairman election. They thought that the Upazila Parishad chairman election could possibly influence the national level elections. This idea is without any basis. Because the Upazila Parishad chairman elections were going to be held totally on non party basis.

But it is a matter of regret that the stand of the opposition on Upazila polls later took such a serious turn that conditions were close to taking the entire nation to an inevitable point of confrontation. I took the decision to postpone the election of chairmen of upazilas for the time being to pave the way for reaching the great goal of establishing democracy through understanding, dialogue and national unity and by avoiding the path of confrontation in the greater national interest. Though the entire people of the country hailed the

Upazila system--both as an institution and a revolutionary step unprecedented in the contemporary history as a measure for welfare of the masses--I took the decision to sidestep the path of confrontation and to save the nation from an uneasy situation. In this connection, I want to announce that the election of Upazila chairmen will take place after the parliamentary polls, inshallah.

Later I took quite a number of important steps to create suitable conditions for useful dialogue with political leaders of the country. We allowed resumption of unrestricted political activities and released a number of political prisoners as demanded and specified by the political leaders. You will be surprised to know that the prisoners released also included persons convicted by courts. Besides, there were also several among those who were convicted during the regime before the present one. Though with certain amount of risk I took the decisions, those steps were all aimed at reaching a national consensus. I do not know how correctly the history would evaluate our decisions. Despite this, we took liberal attitude keeping in view the greater national interest alone. Not only that we also released frozen funds of different political parties returned to personal ownership the newspaper which was taken over by a previous regime. In the contemporary history of newspapers such an example is rare. Needless to say the aim of all our actions were aimed at only one goal creation of a congenial atmosphere to reach national consensus on important questions.

Later dialogue was held with leaders of 15-party and 7-party alliances Jamaa-e-Islami, Muslim League Janadal and several other political parties. So far I had dialogue with 360 leaders of as many as 75 political parties in a cordial atmosphere on important national issues. The time required for such extensive discussions was not much. It is not known to me that so many ever participated in such political dialogue for paving the way to democracy. From that point of view the dialogue was also a rare event. Besides I personally met each of the leaders of the parties irrespective of their size big or small for long times on behalf of the government I heartily welcomed the political leaders who had come for participation in the dialogue.

I am grateful to my colleagues who have extended their sincere cooperation and help through their hard work and ceaseless efforts in this comprehensive dialogue. The sense of responsibility demonstrated by the national press in this connection undoubtedly deserves praise. I and my government remember with gratitude the link that the national press has established among the government, political leaders and the people by their objective reporting on the political dialogue.

This comprehensive dialogue has made four definite viewpoints very clear. First, presidential election followed by parliamentary election and holding of both the elections on the basis of the suspended Constitution. Then revival of the suspended Constitution, transfer of power to the elected government and simultaneous withdrawal of Martial Law. Secondly, holding of the presidential and parliamentary elections simultaneously on the basis of suspended Constitution, revival of the suspended Constitution, transfer of power to the elected government and lifting of Martial Law at the same time.

Thirdly, holding to the parliamentary election first on the basis of the suspended constitution and transfer of power to the elected representatives. Fourthly, holding of the election for a sovereign parliament through a Martial Law Proclamation and vesting all powers with it to decide on the issue of revival of suspended Constitution and other constitutional matters and transfer of power to the elected representatives.

It is worth mentioning that each of the four viewpoints is almost fundamental in nature and naturally contradictory to some extent. So we have tried our utmost in the comprehensive dialogue to arrive at a national consensus by coordinating these four fundamental viewpoints.

[14 May 84 p 7]

[Text] Following is the remaining part of the text of the address of the President and CMLA Lt. Gen. H. M. Ershad to the nation (earlier portion of which was published in our Sunday's issue):

I have mentioned earlier that despite being a Martial Law government, we have demonstrated liberal attitude for arriving at such a consensus. Though the various demands of different political parties were risky we have tried our best to concede to these as far as possible. We had declared that Martial Law will be lifted simultaneously with the holding of the parliament session just following the two national elections. You must realise that it is not possible to lift Martial Law before holding election at the national level. Because we have no alternative solution to the complexities and vacuum that will be created. So we have been trying to reach a stage by gradually relaxing the Martial Law Administration so that when on a certain day Martial Law will be lifted it will appear that the Martial Law rule had, in fact, already ended. The revival of certain related clauses of the suspended Constitution is now under the active consideration of the government for the restoration of the High Court writ jurisdiction.

I believe, you have by this time understood clearly that the unprecedented liberal attitude we have demonstrated as a Martial Law government in the process for transition toward democracy is undoubtedly very significant and worth mentioning. I am particularly proud of the democratic and liberal attitude shown by the members of the Armed Forces for this. It is my firm belief that their patriotism will be written in golden letters in the history of Martial Law administration of the world [words missing] perly that we have reached such the utmost level of our patience, tolerance and sincerity in national interest and security that there is no other way out or scope in our hands to proceed further than this.

In the backdrop of such a situation and with the great mission of transition toward democracy I have requested the Election Commission to hold the parliament election during the winter season of this year. The Election Commission will declare the exact date and time schedule of the election. It should be noted here that the Election Commission has informed the government that it is not possible to hold the election scheduled for May 27 due to

shortage of time and we have taken this decision in the light of this fact. We have considered the winter season as the nearest time keeping in view the impending month of Holy Ramzan and the rainy season. In this connection I want to declare that the date for the presidential election will be decided on the basis of the suspended Constitution after further discussions. But the presidential election will not be held before the parliamentary election. I hope you will agree with me that we have no alternative in the present situation to arriving at a national consensus for returning people's power to the people.

Dear countrymen, I have so long discussed in details the role of the government on various national issues. You have certainly observed how the government had demonstrated maximum patience and tolerance at the time of various crises during the last few months.

On different occasions taking the advantage of open political activity calls were given for strikes and hartals and damage to life and property were inflicted through destructive means. In the meantime property worth several crore takas had been damaged. Such losses are irreparable for a country like ours. Resorting to strike is undoubtedly a political right but damaging national property by misusing that right can never be a welfare oriented step. Our country is poor and we have limited resources. We are putting in our untiring efforts to build the country as self-reliant and prosperous by united endeavours of all and through hard work sacrifices and perseverance. But it is a matter of regret that a section of self-seeking quarters has been engaged in destroying national wealth in the name of strike and hartal with the motivation and impeding our development efforts. It's time to identify these elements and resist their conspiratorial activities. I have firm belief that you will keep a vigilant eye on this matter and cooperate with the government in resisting these activities.

It has been marked that there is a tendency in some quarters to treat the tolerance and patience that we have exhibited during the last few months as our weakness. It is true that as a Martial Law government we have reached the limit of patience and have tried to show our liberal attitude because our main objective was to get maximum possible benefits by taking maximum risks. We wanted that a greater national consensus be reached in the interest of transition to democracy. But we have reached almost the end of our patience. It is not possible in the national interest to treat further. So it is my fervent appeal to all concerned that in the test of tolerance and patience they do not force our government to be more tolerant. Because in that case there is a possibility, of endangering national entity. So, I like to announce in unequivocal terms that we will not tolerate any kind of destructive activities in our bid to return the real power to the people in the process of transition to democracy.

Dear countrymen, before concluding, I would like to say something about our foreign policy. You know, the cornerstone of our foreign policy is to strengthen the bonds of friendship with all, specially, with the Muslim and the neighbouring countries. As one of the largest Muslim states of the world, a spiritual relations with the Islamic Ummah is existing. In order to further

consolidate this inseparable relations, we have in the meantime, been able to contribute significantly in various international forums. Our relations have been strengthened gradually with Islamic countries and organisations including the organisation of Islamic conference, Palestine Liberation Organisation, middle east peace mission and Al-Quds committee. Bangladesh's glorious role in the Islamic interest has been commended and welcomed. At the same time Bangladesh has taken practical steps to consolidate its relations with the neighbouring countries. The pioneering role of Bangladesh in the South Asian regional cooperation is well known.

Though disappointing it is a fact that some important issues including the barbed wire fencing along the border, Farakka, Talpatti, Dahagram and Angurpola have been standing in way of developing relation with our immediate neighbour. I am firmly assuring you that myself and my government are aware of and active about these problems and taking all possible measures to solve them. My government will not hesitate to take any step required for preserving national independence and sovereignty.

I am making this pledge before you today. We have to keep in mind that the Muslims never bow their heads to any one except the Almighty Allah. So it is my firm belief that if it is required for the greater interest of the nation my government and the people will together face any challenge unitedly to protect national independence and sovereignty.

Let Allah, the merciful, help us to achieve our desired goal.

Ameen.

Khoda Hafez,

Bangladesh Zindabad.

CSO: 4600/1905

PAPERS REPORT PROBLEMS WITH INTERNATIONAL LOANS

IDA Credits for Imports

Dhaka THE BANGLADESH OBSERVER in English 10 May 84 p 1

[Text] The International Development Association (IDA) a World Bank concessionary lending agency has approved a credit of 135.4 million Special Drawing Rights (SDRs) equivalent to US dollars 140 million to finance essential imports of the country. The credit will be for 50 years including 10 years' grace period and has no interest except for a bare annual charge.

IDA has been supporting the country's import programme which helped in improving the efficiency of the industries, jute and cotton, promoting export development and boosting agricultural production. The IDA Has also assisted the government in carrying out structural adjustments in the industrial sector and in improving industrial and trade policies.

Despite efforts of the government to increase its export earnings and remittances from Bangladeshi workers abroad, the national savings still accounts for about five per cent of the Gross National Product (GNP) and export earnings average less than one-third of import payment.

A Press release of the World Bank noted that the amount of external assistance for direct financing of specific development projects is insufficient to meet the country's total foreign assistance requirements. Without the assistance for import financing essential imports will have to be slashed sharply and this will have an adverse effect on production levels and average incomes.

Meanwhile, the government in view of the low level of domestic savings and dependence on external aid for financing public investment programmes, will tap unused sources of revenue and increase efficiency of public enterprises. Elucidating the economic conditions of the country, the Press release said that the per capita GNP of the country is US dollar 140, one of the lowest in the world while about 75 per cent of the public investment programme is financed through external aid.

IMF Extended Facility Suspension

Dhaka THE NEW NATION in English 22 May 84 pp 1, 8

[Article by Hassan Abul Quashem]

[Text] Bangladesh did not get a "fair deal" from the International Monetary Fund (IMF) due to failure of the authorities concerned in seeking modifications of credit ceilings prior to its breach and inadequate monitoring of the Ministry of Finance.

This was pointed out as the main reason behind the suspension of three-year (1980-83) Extended Fund Facility (EFF) of the IMF.

Mr K. M. Matin, a research fellow of Bangladesh Institute of Development Studies (BIDS) revealed this in a major study on "Bangladesh and IMF." The study observed that despite greater market orientation, a pro-western foreign policy and an active role in the Organisation of Islamic Conference (OIC), Bangladesh's economic diplomacy failed to mobilise political support of the executive directors of the IMF for revival of the EFF, in 1981.

The IMF used to provide financing on the basis of certain conditions under the stand-by facility from which Bangladesh drew on in 1975 and 1979. The EFF, however, was established by the IMF as a distinctly different facility from the stand-by to medium-term "structural adjustment" with focus on development.

The draft report of the study was placed in a closed door seminar at BIDS and it was also participated by former Deputy Governor of Bangladesh Bank Mr S. A. Kabir, section chief of the External Resources Division of the Ministry of Finance Mr. M. A. Samad and Economic Adviser to Bangladesh Bank Mr. Fakhrul Ahsan.

The seminar observed that the IMF compelled Bangladesh to borrow about 200 million US dollars from the international loan market on commercial rate of interest by way of its discriminatory treatment in the form of suspending EFF facility without granting a waiver that is usually provided to other developing countries. Mr. Matin also observed that the unwarranted treatment was due to Bangladesh's inability to get any of the influential executive directors of the IMF to speak in its favour.

He also observed that Bangladesh failed to seek modification of credit ceilings before the breach in June, 1981 though all indications in April suggested that the breach was inevitable due to unexpected exogenous factor.

The June '81 credit ceiling was fixed at Tk. 4948 crore, which was exceeded by 541 crore to Tk 5489 crore. Bangladesh, however, fulfilled the September ceiling of the domestic credit in the year '81 at considerable effort and cost. The study shows that Bangladesh met all commitments in respect to structural adjustment and the fund's own target for the growth of gross

domestic product, inflation rate and balance of payments. The fiscal performance was also remarkable in those years with actual overall deficit not exceeding the budgetary estimates. But the deficit financing was found excessive because of a major shortfall in foreign aid disbursement.

The IMF approved a total amount of 800 million special drawing right (SDRs) in December 1980 for Bangladesh under the Extended Fund Facility and the Supplementary Financing Facility. Bangladesh received only 220 million SDRs in three instalments under the three-year arrangement. The subsequent instalment was suspended due to Bangladesh's failure to meet the June credit ceilings.

Regarding the net financial inflow, Mr Matin observed that the net inflow of finance from the IMF in any year did not exceed 100 million US dollars and was negative in three years. The study shows that nearly 48.5 per cent of Bangladesh's cumulative drawings from the fund upto 1981-82, came from low conditionality sources. This was however better than the average mix of finance received by all developing member countries of the fund over 1973-to-1982 period. But only in 1980-81, the net inflow was higher equivalent to 1969 million SDRs due to the extended Fund Facility during the same period.

Bangladesh had to devalue its currency by an average of 12 per cent and make upward adjustments in its interest rates. It had to increase prices of a number of items including cotton yarn, newsprint, petroleum products, bus, rail and steamer fares, electricity and gas.

Participating in the discussion, former Deputy Governor of Bangladesh Bank Mr S. A. Kabir agreed with the analysis of the EFF but felt that an examination of the stand-by arrangement of 1975 would reveal that with the given policy decision, Bangladesh could implement an IMF programme quite successfully.

Mr. M. A. Samad, section chief of the External Resources Division, said that the economic performance of the 1981-82 and 1982-83 suggested that cancellation of the EFF was just as well as its continuation which could impose large repayment obligations.

Replying to this argument Mr Matin said, that Bangladesh had to incur more obligations of payment owing to the short-term commercial borrowings during the same period.

CSO: 4600/1912

TEXT OF BANGLADESH-UAE JOINT COMMUNIQUE

Dhaka THE BANGLADESH TIMES in English 13, 14 May 84

[13 May 84 p 7]

[Text] Following is the text of the joint communique issued at the end of the UAE President Sheikh Zayed Bin Sultan Al Nahyan's six-day state visit to Bangladesh, reports BSS.

At the invitation of His Excellency Lieutenant General H. M. Ershad His Highness Sheikh Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates, paid a State Visit to Bangladesh from May 7 to 12 1984. He was accompanied among others by His Highness Sheikh Rashid Ahmed al Mualla. Ruler of Umm-Ul-Quwain and Member of the Supreme Council, His Excellency Sheikh Sultan Bin Zayed Al Nahyan, His Excellency Mr. Ahmed Khalifa Al Suweide, President's Representative, His Excellency Mr Rashid Abdullah, Minister of State for Foreign Affairs, His Excellency Gen. Mamoudah Bin Ali, Minister of State for Interior and His Excellency Sheikh Humaid Bin Ahmed Al Muallah.

The President of the UAE and the members of his delegation were accorded a warm welcome during the visit reflecting the close and fraternal relations existing between the two Islamic countries and their peoples.

His Highness the President of UAE placed a wreath at the Jatiyo Shaheed Smriti Shoudha's to pay homage to the martyrs of the War of Independence.

The Presidents of Bangladesh and UAE held discussions on wide-ranging subjects covering bilateral relations, Islamic matters and the international situation. The discussions were held in an atmosphere of brotherliness, friendship, cordiality and mutual understanding which characterise relations between the two countries.

The two leaders reviewed the current international situations and expressed concern at the escalation of international tension endangering peace and security in a number of regions in the world. They reaffirmed the commitment of their Governments to the United Nations Charter, and the principles and objectives of the Organization of Islamic Conference and the Non-Aligned Movement. They underscored the importance of respecting the principles of sovereign equality and territorial integrity of states, inviolability of

frontiers, non-interference in the internal affairs of other states, non-use of force and peaceful settlement of disputes as the guiding principles for conducting relations among states.

The two leaders expressed their deep concern over the situation in Afghanistan and Kampuchea and called for an immediate and unconditional withdrawal of foreign troops and for full respect for the independence, sovereignty and territorial integrity of these countries. They called for creation of conditions to enable the peoples of the two countries to determine their own destiny free from outside interference and intervention.

The two leaders reviewed the situation in the Middle East and emphasised that the Palestinian question was the core of the problem in the Middle East and that a just and lasting peace in the area would not be possible to achieve unless the Palestinian people were allowed to exercise their basic and inalienable rights which included the right of self-determination and the establishment of an independent state in Palestine under the leadership of the Palestine Liberation Organisation, the sole legitimate representative of the Palestinian people, and withdrawal of Israeli forces from all occupied Arab lands including Jerusalem and the Golan Heights. They appealed to the international community to make such efforts aimed at finding a just and comprehensive solution to the Middle East problem and to exercise pressure on Israel to withdraw from all occupied Arab territories. They condemned Israeli suppressive and criminal practices against the Palestinian people in the occupied Arab territories and Israeli establishment of settlements in these territories, a policy reflecting Israeli expansionist designs. They renewed their support to the Arab peace initiative which was adopted by the Arab Summit Conference in Fez and emphasised that this plan formed a practical and reasonable base to solve the Middle East problem.

The two leaders strongly condemned the Israeli invasion of Lebanon, the atrocities committed there by the Israeli authorities, and their continued attempts to interfere in Lebanon's internal affairs, and reiterated their call for an immediate and unconditional withdrawal of Israeli forces from Lebanese territory.

The two leaders reviewed the situation in the Gulf area and expressed their deep concern at the continuation of the war between Iraq and Iran. They emphasized that this war was posing grave dangers to Islamic solidarity. It constituted a grave threat to peace and stability in the Gulf region and to international peace and security. They appealed to Iraq and Iran to stop this war between Muslim brothers and to resolve their differences in an amicable spirit as enjoined by Islam. They renewed their support to the efforts undertaken by the Islamic Conference Organisation and the Non-aligned Movement to end this war at an early time.

Reviewing the situation in Southern Africa, the two leaders reiterated their support for the inalienable rights of the people of Namibia to achieve independence in accordance with the United Nations Security Council Resolution 435. They reaffirmed their continued solidarity with the heroic Namibian

people in their legitimate struggle under the leadership of SWAPO, their sole and authentic representative. The two sides also rejected the linkage of the question of Namibia to extraneous issues.

The two leaders condemned the abhorrent policy of apartheid practiced by the minority regime in South Africa and reiterated their firm support for the oppressed people of the country in their heroic struggle for political, economic and social emancipation.

[14 May 84 p 6]

[Text] Following is the remaining portion of the text of the Joint Communique issued at the end of the UAE President Sheikh Zayed Bin Sultan Al-Nahyan's six-day state visit to Bangladesh:

The two leaders noted with concern that the Indian Ocean area had become a focus of great power rivalry. They reiterated their support for the 1971 United Nations Declaration on the Indian Ocean as a Zone of Peace and called for the early convening of the Conference on the Indian Ocean scheduled to be held in Sri Lanka.

Reviewing the current international economic situation the two leaders stressed the importance of accelerating the economic progress of the developing countries and the need for an active participation by all developed countries in the establishment of the New International Economic Order based on justice and equality. They called for an early resumption of the "Global Negotiations" between the developing and the developed countries with a view to reaching positive results for an early implementation of the "Substantial New Programme of Action for the Least Developed Countries."

Expressing satisfaction at the steady growth of bilateral relations between their two countries, the two leaders expressed their determination to widen and develop these relations especially in the fields of religion, education, culture, trade and economy. They put emphasis on the holding of the second session of the Joint Commission between the two countries in Abu Dhabi very soon.

During the visit a Trade Agreement was signed between the two countries. The Minister of State for Foreign Affairs of UAE His Excellency Mr Rashid Abdullah and the Minister of Commerce of Bangladesh Professor M A Matin signed the Agreement on behalf of their respective Governments.

His Highness Sheikh Zayed Bin Sultan Al Nahyan expressed his happiness over the great successes and substantial progress achieved by the People's Republic of Bangladesh in different fields under the wise leadership of His Excellency President Hussain Muhammad Ershad. The President of UAE conveyed his grateful thanks to the President, Government and the people of Bangladesh for the warm welcome and the generous hospitality extended to him and the members of his entourage during their visit to Bangladesh.

His Highness Sheikh Sayed Bin Sultan Al Nahyau, President of the United Arab Emirates, extended an invitation to His Excellency Lieutenant General H M Ershad President of the People's Republic of Bangladesh to visit UAE at his convenience in the near future. The invitation was accepted with pleasure.

CSO: 4600/1905

BRIEFS

ENVOY TO CZECHOSLOVAKIA--The Government of the People's Republic of Bangladesh by concurrently accredited Mr Mufleh R Osmany, at present Ambassador of Bangladesh to German Democratic Republic as Bangladesh Ambassador to the Czechoslovak Socialist Republic. [Text] [Dhaka THE BANGLADESH TIMES in English 16 May 84 p 3]

COMMUNIST LEADER'S STATEMENT--Mr. Mohammad Farhad, General Secretary of Communist Party of Bangladesh in a statement on Monday criticised the calling of hartal by different organisations. He said by repeated hartal calls an interested political quarter was trying to make the general people unhappy. He called upon the people to desist all kinds of unlawful and antisocial activities so that people's demand for restoration of democratic government is not subverted. [Text] [Dhaka THE BANGLADESH OBSERVER in English 9 May 84 p 3]

THREE PARTIES MERGE--Bangladesh Justice Party, Nikhil Bangladesh Muslim League and Bangladesh Jamiatul Ansar merged into single party and the new party was named 'Bangladesh Islami Andolon' through a joint council held at DDSA on Saturday. A 23-member central Executive Committee was formed with Major (Rtd) Jainul Abedin Khan and Prof Raisuddin Ahmed as President and General Secretary. According to a Press release of Bangladesh Islami Andolon, the founding conference adopted a five point resolution which included a call for broader unity among the Islamic organisations and call for resisting the attack and aggressive activities against on our national independence and sovereignty. [Text] [Dhaka THE BANGLADESH TIMES in English 14 May 84 p 8]

CSO: 4600/1906

GANDHI CONCERNED OVER LAXITY IN ADMINISTRATION

Madras THE HINDU in English 7 May 84 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, May 6.

After the conclusion of the budget session of Parliament this week, the Prime Minister, Mrs. Indira Gandhi, wants her Cabinet colleagues to put in their best efforts to create an atmosphere of administrative drive by clearing up the heavy backlog of decisions pending at various levels of the Government.

She would like to see Central Ministers and senior officials attending to such important tasks, without pushing off on foreign jaunts or going to the hills on the slightest pretext to escape the searing summer heat in Delhi.

The Prime Minister is also thinking of cancelling her trip to Europe next month, unless there is a marked improvement in the Punjab situation. She knows that too much preoccupation with foreign affairs, whatever the compelling reasons for it, tends to divert attention from pressing problems on the home front.

Avoidable delays

It has been brought to her notice that many important decisions taken by the Cabinet and its sub-committees are kept in abeyance for months together at times, without the Ministries concerned doing anything to eliminate avoidable delays in implementation. Despite her numerous directives to streamline administrative procedures to dispense with the many bottlenecks, the machinery of Government remains bogged down by bureaucratic 'procrastination' in the absence of proper political direction at the higher levels of Government.

There are, no doubt, some Ministers who are able to provide the necessary leadership and inspire the confidence of the officialdom in getting things done with a reassuring sense of personal involvement in improving the quality

of Government. But there are many others with no administrative drive or even the desire to set the right tone, other than a pathetic urge to comply with the wishes of those in pivotal positions, regardless of the propriety of their actions.

The bureaucracy, by and large, is inhibited from exerting itself in exercising the authority of Government, because it is reluctant to assume responsibility for anything done under undue political pressure. The powerful lobbies at work in the corridors of power can mar the careers of senior officials who refuse to be influenced in taking important decisions, especially in the field of economic administration.

The Prime Minister is not unaware of the unhealthy atmosphere of apathy, permissiveness and cynicism created by a combination of incompetence, impropriety and infraction. Though she has done precious little to prevent misuses of political patronage and exertion of personal influences, her frequent directives to her colleagues to improve the administration at least help to focus attention on the need for some determined action at the higher levels of the Government.

The policy of economic liberalisation, for example, is being carried out in bits and pieces in such a haphazard manner that the total impact of the relaxation has not been felt by the people. There are mercifully no great scarcities of daily necessities, but the prices have been allowed to rise beyond the endurance of the poorer sections.

The inability or reluctance of the Government to deal sternly with the evils of black money, tax evasion and manipulation of prices by the business community has made the public increasingly sceptical about Mrs. Gandhi's earnestness in attempting to check the corrupting influences of what some of her own conscien-

tious colleagues have been describing privately as a combination of political and moral degradation.

The Government seems to have lost all control on public expenditure in an inflationary economy with nobody bothering seriously about its wider ramifications. It has become so indifferent to even well-meaning suggestions that some easy excuses are found for not doing anything about tax reforms and other measures that can bring a little relief to the public without substantially sacrificing revenues. The Jha Commission's recommendations have been gathering dust in the Finance Ministry and the Council of Economic Advisers to the Prime Minister has not fared any better in making any dent on the change-resistant ruling establishment.

The mounting defence expenditure is seen by some critics as a sad reflection on the country's foreign policy, although the public has generally tended to support the steps being taken to strengthen the armed forces. But it is making many wonder what the cumulative impact of this is going to be on the country's economy in another few years, whatever the compulsions for the rapid upgradation of the defence capabilities at such enormous expenditure.

Poor morale

Above all what appears to be worrying Mrs. Gandhi these days, much more than anything else is the poor morale of her own party which is in a badly rundown condition. She wants her Cabinet colleagues to visit their home States regularly and meet Congress (I) workers at the grass roots level to establish a better personal equation with them. In a patronage-oriented society that thrives on the spoils system, it is only the Ministers that can exert some influence on them.

FAROOQ ABDULLAH SAID TO UNDERESTIMATE SECURITY THREAT

New Delhi PATRIOT in English 17 May 84 p 4

[Article by Mohammad Sayeed]

[Text] Chief Minister Dr Farooq Abdullah's recent criticism of the Central Government for what he calls its "harmful tendency to harp on threat of war from Pakistan", highlights a basic divergence of perception of the existing political security situation prevailing in and around this sensitive frontier region.

He is also at loggerheads with the Centre over the issue of the State Government's handling of the activities of anti-national forces in Kashmir, as also because of his alliance with Mirwaiz Farooq who is avowedly committed to seeking a "plebiscite to settle the accession dispute".

Contrary to the Centre's contention, Dr Abdullah had taken the position that repeated reference to the threat of war from Pakistan was without any justification, considering "India's acknowledged far superior might", and that "insignificant" activities of the secessionists in the Valley were sought to be blown up to malign the Kashmiri Muslims.

On both the counts, his response reveals a lack of realistic appreciation of objective conditions. Apart from the massive military build-up across the Line of Actual Control (LAC) the commissioning of the Karakoram highway has resulted in considerable increased activities by both Pakistan and China within and around the Pakistan-occupied Kashmir.

Their concentration on areas across the Ladakh frontier region indicates a new danger to India's security. Coupled with General Zia-ul-Haq's known commitment to the United States to provide military bases to that country, adds to the gravity of this threat. Evidently, it was in the light of these developments that Defence Minister R Venkatraman recently underlined the need for "preventing Pakistan from marching into Ladakh".

Incidents of unprovoked border firing by Pakistani troops across the LAC have been increasing at a disturbing rate. As a result of this, tension along the Line has been mounting, coupled with an unabated build-up. Some of the sophisticated weapons received recently by Pakistan have already reached the

areas in the occupied territory. A network of strategic roads in occupied Kashmir had been linked with the Karakoram highway.

But for the stiff resistance from the people within occupied Kashmir, General Zia would have merged the so-called northern areas into Pakistan. These areas include Gilgit which is a highly strategic point in Sino-Pak military scheme.

It is not for nothing that these menacing developments have been taking place on the other side at a time when views challenging the finality of accession are tending to become more stident on this side of the Line. The occurrence of as many as 13 bomb blasts at different places in the Valley during the last 10 months could hardly be called as being something "insignificant" as the Chief Minister tries to make out rather unconvincingly.

The tragic murder of an Indian diplomat R Mhatre in Britain, immediately after the arrest of some secessionists in Kashmir, clearly indicated ramifications of secessionist activities which are wider in sweep than Dr Abdullah was prepared to see. The potential security implications of anti-national forces in the State might have escaped the Chief Minister's attention, but certainly the Centre could not be expected to be complacent even if that meant annoying him.

In this context, Dr Abdullah's alliance with Mirwaiz Farooq has assumed a new dimension, following Chief Minister's claim that it marked an achievement of "Muslim solidarity which New Delhi had always sought to undermine".

The "solidarity" with Mirwaiz, whose Awami Action Committee claims to be the successor to the erstwhile Muslim Conference led by his ancestors, virtually amounts to a negation of all that Sheikh Abdullah stood for. More specifically, it points in the direction of "two-nation" theory which the Muslim Conference symbolised and which also projected the objective of "Muslim solidarity", albeit in the entire subcontinent.

Apart from the fact that this unwise alliance has landed the Chief Minister in a serious political trouble from within his own camp, which in turn has been aggravating the sense of uncertainty in the State, the Farooq Government's attitude of anti-national forces, whatever their range and intensity, is naturally getting influenced by this controversial political combination.

That the Centre found it necessary to send seven letters to the Chief Minister, impressing upon him the need to curb anti-national activities including those of his "ally", the Awami Action Committee, and that almost every action in this regard was taken only on the Centre's prodding, clearly indicates an undesirable administrative fall-out of an unprecedented "coexistence" between secessionism and state power.

Interestingly, the Chief Minister does not hesitate to occasionally say in public meetings that he had been arresting the separatists "only because they (New Delhi) want me to do it".

The security implications of these developments are naturally causing concern to the Central Government which must also take care of security environment

across the border. On the contrary, the strength of the Chief Minister's conflicting views could easily be judged by the fact that he airs them at every possible opportunity, proper or improper. Union Minister of State for Tourism and Civil Aviation Khurshid Alam Khan had to administer a polite but terse rebuke to Dr Abdullah for indulging in polemics without any restraint.

Another related consideration for the Centre is that this concept of "Muslim solidarity against New Delhi" lends strength only to the anti-national forces. Secessionism and communalism play complementary role in Jammu and Kashmir, as in Punjab.

To nobody's surprise, Muslim fundamentalists today find it more convenient than ever before to indulge in all sorts of prejudicial activities with impunity. To cite just one instance, the pro-Pakistan "People's League" was left untouched by the State administration till it felt bold enough to indulge in causing bomb blasts.

The State administration had allowed this situation to grow by abjectly succumbing to the anti-liquor agitation of the "People's League" in Anantnag. Liquor sales were banned there after the secessionist-cum-fundamentalist agitators had ransacked licensed liquor shops.

Dr Abdullah's lack of realism in these vital matters had added to the Centre's responsibilities, both in internal and external fronts. Whether or not the Chief Minister makes amends in his response, New Delhi would have to keep a closer watch on all developments in and around this State, whatever might be its political repercussion.

The Chief Minister's line of confrontation with the Centre conforms with the line of his local political alignments. Even so, the divergence in perception of the situation between the State and the Centre warrants adequate remedial measures on administrative plane.

CSO: 4600/1894

COMMERCE MINISTER OPENS INDO-EEC PANEL MEETING

Bombay THE TIMES OF INDIA in English 6 May 84 p 9

[Text] NEW DELHI, May 5. INDIA has urged the European Economic Community to spearhead global economic reforms because of its long association with developing countries.

On the bilateral front, India pleaded for a plan to reduce the present imbalance in India's trade with EEC and for a bigger role by the community in this country's development.

The commerce minister, Mr. V. P. Singh, told the inaugural session of the Indo-EEC joint commission meeting here this morning that it should evolve a time-bound action plan for quick and tangible results on issues such as enlarged access for Indian goods in EEC markets, security of access and improvements in the generalised system of preferences.

The minister recalled that some of these issues were raised in the first meeting of the joint commission in January 1982 and again in the second meeting in Brussels last year. He was happy to note that the community had partially restored India's sugar export quota and he hoped that it would be restored fully.

The three-day meeting of the joint commission is discussing trade promotion programme, tariff concessions and GSP for specified commodities. The 23-member EEC delegation is led by Mr. Ivor Richard, member of the European commission for employment and social affairs.

IMF Loan

Mr. Richard said the economic situation in EEC countries was improving and there were signs of withdrawal of recession, with a growth rate of two per cent.

He referred to India's decision not to draw further loan from the International Monetary Fund and said this showed the improvement in India's balance of payments situation. He remarked that success also brought some penalty. Not accepting IMF loan also meant that India would try to reduce its trade deficit in relation to EEC.

Mr. Richard did some plain speaking about India's failure to utilise its export quotas fully in some areas. He said that EEC was not protectionist and that if India was having a trade deficit, it was not because of EEC.

He referred to the trade liberalisation measures, taken by the EEC and said that India was the largest recipient of its aid. According to an estimate, more than 16 per cent of India's exports were accounted for by the EEC countries.

Mr. Richard said the EEC was keen on increased scientific and industrial co-operation with India and also in the field of higher education.

The commerce minister noted that imports from the EEC to India had maintained a steady growth. However, the volume of trade both ways went down last year for the first time in many years. It was a cause for concern and demanded urgent attention. But the persisting trend raised a danger signal. Despite this, India had maintained liberal trade policy.

India, he said, considered textile exports to be crucial, particularly in its trade with the EEC. A major portion of textile exports to the EEC was governed by a bilateral agreement under the multi-fibre arrangement. The joint commission should ensure that the agreement was implemented in the spirit in which it was negotiated. No action should be taken which eroded the access enjoyed by Indian goods.

Bonn (PTI): West Germany has raised its official financial aid to India to 360 million DM against 337 million DM last year.

Another amount of 117.5 million DM is agreed as "export credit" to India for buying West German goods.

The additional "technical co-operation assistance", however, has undergone a slight cut of 30 million DM against 32 million DM in 1983.

CSO: 4600/1879

CPI RELATIONSHIP WITH OPPOSITION, CONGRESS-I DISCUSSED

Madras THE HINDU in English 7 May 84 p 8

[Article by K. K. Katyal]

[Text]

WHATEVER be the line-up within the Communist Party of India, it has yet to get over the inner conflict over tactics on national affairs generally and attitude to Mrs. Gandhi particularly. There is no change, operationally, from the stand taken by it in 1977 when the party ranged itself against her and the Congress (I). But some nuances of its latest formulations are too significant to be ignored. These are to be regarded either as signs of rethinking or lack of clarity.

True, the party let its former chairman, Mr. S. A. Dange, part company with it but did not agree to extend support to Mrs. Gandhi, as insisted upon by him. It withstood the pressure from the Communist Party of the Soviet Union which too would have liked it to give up the present posture of total opposition to her in domestic affairs. But the CPI's trauma has not ended, even though there has been no jerky development in its camp of late.

Euphoria subsiding

To say that there has been a shift in the CPI in favour of Mrs. Gandhi will be an over-simplification, if not a distortion of facts. But the door for reconciliation, completely shut till recently, appears slightly ajar. Simultaneously, the earlier euphoria about a united front of left and democratic forces has begun to subside. Unmistakable too are the strains in relationship with the CPI (M). Surely, all these indicators could not be dismissed as of little consequence.

Arithmetically, Mr. Rajeswara Rao is in an unassailable position. In the National Council, he enjoys the support of nearly four-fifth of the members to his line against Mrs. Gandhi. Even the remaining one-fifth have refrained from asserting themselves to the point of voting, knowing well that they are heavily outnumbered. Not more than five members stood by Mr. Dange when he was ousted from the party.

When Mr. Jogendra Sharma, who carried Mrs. Gandhi's letter to the late Andropov in Moscow, was removed from elective posts, not more than two members were prepared to rise in his favour and be counted. At the recent meeting of the National Council, Mr. Rao claimed, there was not a single voice of dissent.

But could it be said that the dissidents or the advocates of a soft line towards Mrs. Gandhi do not count in the inner councils or have ceased to influence party formulation? That this is not so is clear from the document adopted at the recent meeting of the National Council.

Yes, it does refer to the desire of the majority of the people for replacement of the present Government at the Centre, but hastens to add that the CPI is "not for any kind of alternative but only a Left and democratic alternative which can meet the needs of the situation." Equally significant is its admission that such a substitute is yet to emerge and the result has been confusion among the masses.

Criterion on allies

The CPI has listed a simple criterion for choosing its allies. "We would lend support to a combination which takes anti-imperialist positions and continues our country's progressive foreign policy and does not include pro-imperialist communal parties like the BJP," it says. The BJP is thus identified as a political untouchable but are not parties like the Janata and the Lok Dal impliedly excluded from among potential friends?

The CPI does not mince words in disapproving of the recent trip to Pakistan of prominent Janata leaders, Mr. Biju Patnaik and Mr. George Fernandes, and their plea for a soft approach towards Islamabad and the U.S. Similarly the Lok Dal, because of its alliance with the BJP and identification

with the latter's policies, could not be regarded as "anti-imperialist". And would the Democratic Socialist Party be a worthy ally despite its President, Mr. H. N. Bahuguna, if it joins hands with the Lok Dal?

The report on national and international developments, adopted by the National Council found the "question of opposition unity in a fluid state." This assessment was based on three factors, as seen by it — (1) the instability of the United Front and its failure to formulate a programme, (2) the Patna thesis of the Janata Party on "concentric opposition unity" and (3) the continued bid of some bourgeois parties for an all-in-opposition unity.

The latest formulation on the "question of an alternative" has far-reaching implications. It considerably restricts the scope for alliances with the non-Left parties. Add to it the distrust and misunderstanding between the CPI and the CPI (M) over the elections to the Rajya Sabha and the Legislative Council in Bihar. The CPI action in relying on the Janata Party (and also allegedly of the ruling party) for the victory of its candidate, Mr. Chaturanan Mishra, AITUC leader, for the Rajya Sabha and in return extending support to the Janata nominee in the Council contest in preference to the CPI (M) candidate soured the relations between the two communist parties.

The CPI conduct was not the result of an unexpected, clandestine deviation by the local unit from the party line but a deliberate conscious decision in pursuance of what was considered to be its right. The vituperative exchanges, though restricted to the State, did considerable damage to the relationship between the CPI and the CPI (M) built up assiduously in the past seven years.

The tone of the CPI's references to Mrs. Gandhi, though far from soft, is markedly less strident than it used to be in the recent past. She is, no doubt, blamed for continuing a policy of "perilous drift" in Punjab, taken to task for trying to topple non-Congress (I) Governments in general and hostility towards Dr. Farooq Abdullah's Government in Jammu and Kashmir, in particular. The Congress (I) has been severely attacked because of corruption in high places, for its arrogance, failures in the economic sphere and departures from a policy of self-reliance.

Reference to Mrs. Gandhi

But the old vehemence in its indictment of Mrs. Gandhi's "authoritarianism" is missing. At the same time, there is an acknowl-

edgement though muted and grudging, of the role of Mrs. Gandhi and other Congress (I) leaders in taking an open stand against the Vishwa Hindu Parishad's plan for a country-wide yatra. Of course, the CPI could not but approve generally of Mrs. Gandhi's foreign policy line.

"The Government of Mrs. Gandhi", it says "continues to pursue broadly the country's foreign policy of peace, non-alignment, anti-imperialism and friendship with the Soviet Union and other socialist countries. In the context particularly of the present-day serious world situation, threatening the very future of humanity's existence India's role has assumed greater importance".

There is an approving reference to Mrs. Gandhi's Government's warnings against the dangers of war, the increasing militarisation of the Indian Ocean, and the military encirclement of India. This, however, is followed by a rider over the Government's reluctance to pinpoint the U.S. as the villain of the piece, and on the general tendency to lump together the superpowers, in the context of the aggravated international situation.

Soviet pressures

Why is the influence of the minority pro-Mrs. Gandhi section disproportionately strong? Mainly, because its line tallies with the thinking of the CPSU. According to one account, the CPI has decided to send a high-level delegation to Moscow to discuss the differing perceptions of the national situation with the CPSU leaders, even though the party general secretary, Mr. Rajeswara Rao ridiculed the idea at a press conference saying "we have brains to think".

The signals from Moscow, in any case, have been loud and clear. The red carpet for Mr. Rajiv Gandhi, during his trip to the Soviet Union, the presence of a fraternal Soviet delegation at the Congress (I) plenary in Calcutta, the formation of an Indo-Cuban Friendship Society, at the instance of the AICC (I)'s foreign affairs cell and its inauguration by Mr. Gandhi in the presence of representatives from the socialist countries could not be ignored by the CPI.

Ironically, the peace bodies of socialist countries utilised the occasion of a recent peace convention in New Delhi, organised at the initiative of the CPI, to praise Mrs. Gandhi's role in international affairs. The Congress (I) was excluded from this convention of eight opposition parties. How long, yes, how long would the CPI resist the pressure from Moscow?

OFFICIALS SEE DHAKA HAND BEHIND TRIPURA REBELS

New Delhi PATRIOT in English 7 May 84 p 1

[Article by Sujit Kumar Chakrabarty]

[Text]

Agartala, May 6—Security officials here have "definite information" that two "hit-squads" of the underground "Tripura National Volunteers" (TNV), presently active in the state's South District, have infiltrated from across the Bangladesh border—from Singlung in the Chittagong Hill Tracts.

A personal diary of a TNV "captain" Dilip Koloi, which landed in security forces' hands after a shoot-out at Durpabari, 100 kms south of here, indicates that the two gangs have been "detailed on special missions" with instructions to report back in Singlung by 26 May. Security officers apprehend that there is a "concerted plan" by the underground organisations to disrupt the panchayat polls, scheduled on 24 May, by a killing-kidnapping spree.

One of the gangs, led by a "major" Mujib Marak, had entered Tripura through a passage at Angprodoya, a tribal-dominated hamlet in Amerpur sub-division on 14 April. The other one, led by "captain" Dilip Koloi, had taken a long detour through the southern Chittagong tracts and sneaked into Tripura through Korbuk in South district on 21 April. The Marak gang was involved in an abortive assassination attempt on Haradhan Reang, a TNV leader who had surrendered, at his Laxmicherra residence on 18 April. The gang was again involved in an encounter with a police patrol at Akaramara in Belonia sub-division on 27 April, in which it suffered two casualties before escaping into the

forest.

The Koloi gang had bumped into a mixed posse of CRPF and the State Armed Police on 22 April, leading to the arrest of one Amiyo Reang, a "contact" of the extremist outfit, and the recovery of Koloi's diary.

Police circles widely believe that the gangs are now on the run, but intelligence sources say before they flee across the border into Bangladesh, they will try to show a few "kills" in their bags; and that they have to do swiftly.

'Warnings' to PM, CM

Meanwhile, TNV chief Bijoy Rankhal has shown bravado by addressing two letters to Prime Minister Indira Gandhi and Chief Minister Nripen Chakrabarty, simultaneously mailing their copies to international media like the BBC and the VOA. While the letter to Mrs Gandhi speaks of a "TNV government with compelte machinery" operating with the support of "neighbouring freedom fighters" and "other powers" (euphuism for the outlawed Mizó National Front and the Dheka military regime?). The letter to the Chief Minister warns of "bloody days to come" if "all tribals connected with the TNV activities" are not released forthwith. Security circles feel the letter is a "subtle feeler-threat" intended to secure the release of Bijoy's father-in-law Parmanand Rangkhel who was detained last month on charges of complicity with TNV activists in the North District.

The letter to Mrs Gandhi admits of having been written from Singlung, in Bangladesh,

where the TNV's tactical HQ is located. The letter, dated 4 April, must have been despatched through the two "hit-squads", as evident from Koloi's seized diary.

Chief Minister Chakrabarty has consistently charged Bangladesh of its involvement in "promoting these tinpot revolutionaries". Party mouthpiece "Deshar Katha" keeps on producing "fresh facts" on this score. The Chief Minister has also been insisting that the 100 km, thickly-wooded eastern border of Tripura with Bangladesh be sealed off by a barbed wire fencing. His repeated pleas for additional BSF battalions has only now been conceded by the Centre, and new units will be deployed later this month.

In the anti-war rally on 24 April, Mr Chakrabarty reiterated that "Bangladesh was slowly becoming a lackey of US imperialism, which may turn the north-eastern region into another Lebanon". The rally demanded that the US conspiracy to secure a military base in Chittagong, with the connivance of the Ershad government, be foiled. The Chief Minister's charge that Bangladesh was "exporting her population problem" to neighbouring Indian States of West Bengal, Assam, and Tripura may open a Pandora's Box.

With tension along the Indo-Bangal border, including intermittent exchange of fire between the BSF and the BDR, the clear evidence of the Dhaka hand behind the Tripura rebels may further deteriorate the relations between the two countries.

CSO: 4600/1882

BAHUGUNA DISCUSSES PROBLEMS OF UNITED FRONT

Madras THE HINDU in English 4 May 84 p 12

[Text]

MADRAS, May 3.

The president of the Democratic Socialist Party, Mr. H. N. Bahuguna, today dismissed as a figment of the imagination the talk about his quitting the united front because it had not transformed into a single political party as originally planned.

"I have not said anything like that. Neither my party, nor I, propose to join any other party; if such news has appeared in the press it is part of a vilification campaign against me by someone whom I cannot identify," he told newsmen.

His party's consistent view was that India's hinterland consisting of Uttar Pradesh, Bihar, Madhya Pradesh, Gujarat, Maharashtra, Rajasthan, Haryana and Himachal Pradesh, had a number of political parties which did not justify a separate existence, and, therefore, all of them should combine into a new party that was left of centre and committed to democracy, secularism and the ethos of the freedom struggle. The DSP's mandate to him was to work for the formation of a single party unlike as the one forged in 1977.

It was true, he said, when the united front was conceived in August last year following discussions among the leaders of various opposition parties, the idea was that the partners of the front would soon form themselves into a single party. Again in January this year the issue was discussed at the Calcutta conclave of opposition parties when it was decided to convene a meeting on February 15 to finalise matters. "But the meeting never took place".

When a reporter pointed out that Mr. Bahuguna was accused of scuttling the move for a united party, he said, everyone knows that I am in favour of a single party. How

then can anybody accuse me of being a hindrance?" Last month it almost looked like the single party taking shape, but suddenly something happened and we are back to the old position," he said.

Asked whether he would continue in the united front in spite of the failure to form a single political party, Mr. Bahuguna said, "as DSP we are in the front, and as on date we have not decided to come out of it". He would continue his efforts towards the formation of a single party of all the parties whose zone of influence was India's hinterland.

In view of his party's mandate to him he would have to report to the party's national council when it would meet next about the outcome of his efforts, and "it is for the council to take a decision".

With the 1977 experience, would he still believe in the opposition parties to become a viable alternative to the Congress (I) at the Centre? To this, Mr. Bahuguna said, if all the parties of the hinterland formed themselves into one new political party, and if it was supported by the regional parties, the new party could be an effective and viable alternative to the Congress (I).

Mr. Bahuguna who arrived in the city yesterday on a visit to Tamil Nadu, today met the DMK president, Mr. M. Karunanidhi and later addressed a meeting of his party workers. He leaves for Trivandrum on Friday on a tour of Kerala.

At today's meeting, Mr. S. L. Krishnamurthy was elected president of the State unit of the party. Messrs T. S. Subramaniam, P. Rangarajan and Cuddalore Sundara Rajan were elected General Secretaries.

JANATA LEADER TALKS TO NEWSMEN IN BHOPAL

Calcutta THE STATESMAN in English 7 May 84 p 1

[Text] BHOPAL, May 6.--The Janata Party president, Mr Chandra Shekhar, today said the United Front was ready to forge a pact with the National Democratic Alliance of the Bharatiya Janata Party and the Lok Dal, report UNI and PTI.

Mr Chandra Shekhar told reporters here that Janata did not consider any political party as untouchable" and was ready for a dialogue with other parties on national issues.

Encouraging results had been achieved through such talks, he added.

There was a vast difference between the Congress culture of today and that of the Gandhi-Nehru period. Today's Congress leaders were trying to hide their failures, he said.

On the Punjab issue, Mr Chandra Shekhar said the language of the minorities has always been aggressive, but it should not be taken as a threat or a challenge; rather, their problems ought to be solved with a humanitarian approach.

Mrs Gandhi believed that the people would abandon their demands if their problems were left unsolved for a long time, he alleged. She had adopted the same strategy on the Assam issue.

New Social Order

Mr Chandra Shekhar called for the formulation of a national policy to change the country's social set-up.

If exploitation of the poor continued, they would themselves be forced to usher in a new social order, inspired by martyrs, such as Bhagat Singh, he said in a lecture on the "Present Political Situation in the Country". The lecture was organized by the Rashtriya Yuvak Parishad.

Mr. Chandra Shekhar said the need of the hour was to fulfil the basic needs of the people. He called upon the youth to fight exploitation and help restore morality in politics.

Referring to his experiences during the padayatra, he said social awareness was growing and had taken deep roots in the rural areas.

Mr Chandra Shekhar termed as "incorrect" reports on a split in the Madhya Pradesh unit of the Janata Party.

In Trivandrum, Mr H. N. Bahuguna, chairman of the Democratic Socialist Party, said today that there were no prospects of the non-Communist Opposition parties coming together under one banner to fight the Congress (I). Mr Bahuguna told reporters that his party favoured the formation of a new Left-of-Centre party by the non-Communist Opposition.

CSO: 4600/1880

TEAM LEADER SAYS ANTARCTIC AIRFIELD TO BE BUILT IN '85

New Delhi PATRIOT in English 17 May 84 p 5

[Text] India is to start work on the construction of an airfield in Antarctica early next year, according to Lt Col S S Sharma, leader of the Indian scientific team on the ice continent, reports UNI.

Contacted on the satellite telephone, Col Sharma told UNI that the site is about five km from the Indian base at Dakshin Gangotri.

The strength of the ice at the site has been determined but it has not yet been decided whether the airfield would be suitable for receiving planes with wheels or with sledges.

He said all 12 members of the team were in good health and the scientific work was progressing well.

The work is related to meteorology and marine biology. He said there were still about three hours of daylight at Dakshin Gangotri and it would be completely dark from 21 May.

Col Sharma said Dr S R Rizve was conducting experiments on upper atmosphere and ozone build-up. This data would be of great value in forecasting weather.

The other scientist in the team, Mr S G Prabhu Matondkar, has collected samples of water as part of his micro-biological experiment. It would take four to five months to analyse the data collected in the experiments.

Col Sharma said the temperature was minus 33 degrees and there were frequent blizzards.

Meanwhile, Antarctica and five far-flung areas of India will be linked live by using INSAT-1B in a telemeet to be broadcast over Madras and eight other stations of All India Radio on Thursday.

The programme, being organised to mark the world communication day, will link Leh in the Himalayas, the Andaman and Nicobar Islands and Shillong and would be broadcast from 0821 to 0930 hrs on all the southern stations of All India Radio. It will be later broadcast on the national hook-up, Mr R N Nair,

Station Director, AIR Madras told a news conference in Madras on Wednesday.

He said some 'snags' had prevented establishment of contact with members of the Indian expedition to Antarctica till Tuesday.

The programme will include signing of Subramania Bharati's "odi vilayadu pappa" by children in Leh. Also included is linking Trivandrum, Bangalore and Panjim and a session between a doctor in Leh and a neurosurgeon Dr S Kalyanaraman in Madras.

CSO: 4600/1894

SEVEN HINDU ORGANIZATIONS IN PUNJAB MERGE

Bombay THE TIMES OF INDIA in English 7 May 84 p 1

[Excerpt] LUDHIANA, May 6 (PTI). SEVEN Hindu organisations in Punjab today merged to form a Rashtriya Hindu Suraksha Sena.

This decision was taken at a joint meeting of leaders of the concerned organisations who said the new body would be a non-political, religious and social party.

Mr. Pawan Kumar Sharma, president of the Punjab Hindu Suraksha Samiti, and Mr. Jagdish Chandra Tangri president, Punjab Hindu Shiy Sena, were unanimously elected president and senior vice-president, respectively, of the new sena.

In view of this development, Mr. Tangri's threatened self-immolation on May 10 stands cancelled, it was announced.

Besides the Hindu Suraksha Samiti and the Hindu Shiv Sena, the other parties that merged were the Brahmin Pratinidhi Sabha of Amritsar, the Yuva Hindu Sangathan of Amritsar the Punjab Hindu Rashtriya Sangathan, the Harish Ashram of Hoshiarpur and the Rashtriya Suraksha Samiti.

Over 60 leaders of various Hindu organisations from Punjab, Haryana and Himachal Pradesh attended the meeting.

Mr. Sharma and Mr. Tangri, briefing newsmen later, said that the sena's new action-oriented programme would be announced soon.

Mr. Sharma and Mr. Tangri appealed to all the Hindu organisations in Punjab to come under the banner of the new party to check killings of innocent persons by extremists.

Mr. Sharma warned that the integration of the country was in danger and so all should stand united.

He demanded firm action by the government against extremists. Mr. Sharma said he would undertake a tour of the state to mobilise public opinion so as to press the government to deal with the extremists with a firm hand and arrest them and their leader, Jarnail Singh Bhindranwale, to bring peace to Punjab.

PAKISTAN TROOP MOVEMENTS AROUSE CONCERN

Madras THE HINDU in English 8 May 84 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, May 7

The Government of India is taking a serious view of the reported troop movements by Pakistan across the Kargil sector of Ladakh in Kashmir, which has assumed considerable strategic importance following the construction of link roads connecting Skardu and the adjoining mountain areas with the Karakoram Highway in the Gilgit region.

The matter was considered disquieting enough for the Defence Minister, Mr. R. Venkataraman, to make a *suo motu* statement on May 4 in both the Houses of Parliament to assure them that the Indian armed forces were fully prepared to face any possible threat from Pakistan.

Mr. Venkataraman not only referred to this development in a radio discussion last night on India's defence problems, but is also due to make one more statement in Parliament tomorrow on the latest military activity in the northern part of Pakistan-occupied Kashmir in response to a calling attention motion on the subject.

Strategically important

The Kargil sector has considerable strategic importance because the Pakistani troops deployed in the area dominate the only road link between Srinagar and Leh from their entrenched positions on the adjoining mountains. The area has acquired some additional importance in recent years following the completion of the Chinese-built Karakoram highway through Gilgit and the construction of feeder roads linking Skardu and the Shigar and Nubra valleys with it.

In the last few years Pakistan has improved its logistical position considerably in the high altitude areas in occupied Kashmir with Chinese assistance. The Aksai Chin road built by China to link Tibet with Sinkiang along the Indian borders has been connected with occupied Kashmir by the Karakoram highway through the Khunjab and Mintaka passes, transforming the old silk route from Central Asia to the Indian sub-continent into a modern road that

could be put to military use in the event of another Indo-Pak conflict.

New military airfield

The Chinese are also reported to be assisting Pakistan in building a new military airfield in Gilgit. The Pakistani military helicopters and fighter aircraft operating from this area have been violating Indian air space, presumably to test the effectiveness of the country's air defence system.

The latest troop movements and air violations in the northern part of occupied Kashmir are part of a general pattern of pinpricks and provocations by Pakistan at various points along the line of actual control in Jammu and Kashmir, while the military activity that is noticed frequently along the Punjab and Rajasthan borders is of a different nature although it could lead to much graver consequences.

Though the Pakistan Government has been denying that there have been any unusual troop movements or aerial violations on its side, Gen. Zia-ul-Haq is reported to have said in Lahore yesterday that there have been "some incidents" along the Line of Control in Kashmir, without specifying where exactly these incidents took place. He was presumably referring to the recent exchanges of fire by Indian and Pakistani troops at some places which Mr. Venkataraman referred to in Parliament.

Indian policy

These events could cast a shadow over the meeting of the Indian and Pakistani Foreign Secretaries, Mr. M. K. Rasgotra and Mr. Niaz Naik, in Islamabad from May 19 to 23 to resume the no-war dialogue, if no steps are taken by the two Governments to defuse the new tensions generated by these border incidents. The Indian policy, however, is to keep this dialogue going for what it is worth with all its exasperations, despite the incongruity of talking of a no-war pact while Pakistan continues to prepare actively for war even if it has no intention of going to war with India in the foreseeable future.

MORE INFILTRATIONS DETECTED ON WEST BENGAL BORDER

Bombay THE TIMES OF INDIA in English 4 May 84 p 9

[Text] CALCUTTA, May 3. THE reinforcement of vigilance on the border since September last has led to a perceptible increase in the number of detections of people trying to get into West Bengal from Bangladesh, using clandestine channels.

As West Bengal government sources say, it is yet premature to conclude that the problem of illegal trans-border migration has been met for all times to come. Touts, who usually sponsor such journeys, remain there as active as previously, and the procedure for dealing with them by the state agencies continues to be tardy and in most cases infructuous.

Intervention of politicians on this side of the border is making the problem of detection even more difficult, because of their liberal issue of certificates which entitles an illegal migrant to secure a ration card or get enrolled as a voter for general elections. Many politicians had allegedly authorised issuance of international passports in favour of such migrants.

Since September, the Border Security Force guarding the over 2,000-km. long West Bengal-Bangladesh border has been substantially reinforced. Previously there are eight battalions. Now there are 12 already and one more might be deployed soon in the west Dinajpur sector.

Simultaneously, the number of border observation posts (BOP's) increased and some of these, located in the interior or away from the zero line, are being shifted nearer to the border. This has been a gradual process mainly because of protests by the local people who feel safe in the post's vicinity against trans-border dacoities or cattle-lifting.

Observation Posts

In addition, there are about 50 high observation posts set up already, roughly five to six kilometres apart, which can scan a wider area and keep the BOPs informed of the likely movements and the directions. The immediate target is to have 65 such towers. In the next few years, the number of BOPs is likely to be raised to 300 and that of watch towers to 15.

More than the BOPs perhaps the watch towers have been a deterrent for illegal migrants as well as smugglers, dacoits and cattle lifters. In fact, the towers in many cases help the authorities avoid daytime patrolling, but necessitate intensive patrolling by night. Inter-BOP communications have become easier and more stable and dependable. Mobility of the force has been improved by inducting motorcycles in addition to jeeps.

Border Fencing

According to present indications, border fencing, as it has been launched already in some Assam sectors of the international border, might be extended to the west Dinajpur district in West Bengal by the end of the year or early next year. The reason is that the district, which separates Bangladesh from Bihar, is at points not even ten km wide, and anyone getting into a train or bus can safely reach Purnea district of Bihar. This is believed to have been one of the more busy routes for trans-border illegal migration.

All this also signifies a new awareness of the problem in both Delhi and Calcutta. As it stands now, travel between the two countries is governed by an agreement. And even among those who might have crossed over from Bangladesh over the last decade with valid travel documents, an estimated 400,000 might have got lost in India and remain untraced. It is feared that for every case of detection of illegal migrant, there should be about five to ten others, who might have eluded vigilance and living in India since their number is officially estimated at between four million and five million.

No wonder, there is an official estimate to suggest that there has been a cent per cent increase in the population of 37 villages in eight West Bengal districts and 14 villages and a town in four Bihar districts. This might also account for population increase of between 40 percent and 99 per cent during the 1971-81 period in 1942 West Bengal villages and in 39 villages and two towns in Bihar.

The West Bengal government, or the ruling left front, had protested some time ago against a suggestion for a vigorous scrutiny of electoral rolls for some of these sensitive districts and constituencies on the basis of citizenship certificates. It now appears to have modified its stand a bit and supports the fencing programme and has proposed that there should be a system of permits to be issued to all authorised migrants so that a check can be kept on their whereabouts.

RSS Efforts

The Muslims have been the predominant element in the border population of districts like Nadia, Murshidabad, Malda, West Dinajpur and even 24-Parganas. In all these areas, the Kshatriya Swayamsewak Sangh (RSS) has betrayed a concerted bid to entrench itself, just as its counterparts in the Muslim fundamentalist organisations have been spreading fast their influence through new schools and places of worship.

State officials confirm that the RSS has been spreading its organisational units pretty fast and in an identifiable pattern in all these border districts.

as well as other areas of Muslim concentrations such as Asansol and even Purbasthali in Burdwan. They are not only holding sakhas and training camps, but have been campaigning on rapidly communal lines, so as not to be outbid by their Muslim counterparts. Unlike Kerala, if the RSS has had no major confrontation with the CPM and other left parties in West Bengal, it is mainly because it is still building itself up and acquiring sufficient strength.

The government is fully posted of the developments. The left front leaders, ave been cautioning the people against the dangers of communalism and activities of communal elements. But positive administrative counter-measures have been few and far between.

Perhaps, there is a limit to what the government can do about such a sensitive issue politically or administratively, without provoking strong resentment among sections of people. But what is missed at the highest political level is an awareness that lack of political activities on the part of both the ruling left front and the Congress in the opposition has been contributing much to the alarming development. The facuum left by them apparently is being filled by the RSS and the Muslim fundamentalists.

CSC: 4600/1877

BRIEFS

YEN PROJECT AID--NEW DELHI, May 11. Japan has extended to India assistance of 34.82 billion yen (Rs. 169.22 crores) for three fertilizer and one telecommunication projects and purchase of audio-visual equipment. An agreement to this effect was signed and notes were exchanged between the Finance Secretary M. P. K. Kaul and the Japanese Ambassador Mr. Takumi Hosaki here today. The details of the yen credit and grant for 1983-84: Bijapur fertilizer project: 15 billion yen (Rs. 72.90 crores), ammonium sulphate caprolactam project: 10.20 billion yen (Rs. 49.58 crores), nitrophosphate fertilizer unit: 4.10 billion yen (Rs. 19.90 crores) and telecommunication expansion project: 5.43 billion yen (Rs. 26.40 crores). The loan is repayable over 30 years, including a grace period of 10 years. The details of grant aid for 1983-84 and 1984-85: Import of micro-film equipped by the National Archives of India (for 1983-84) 20 billion yen (Rs. 9.70 lakhs), import of equipment for the research and preservation of cultural properties by the National Museum, New Delhi (for 1984-85) 50 million yen (Rs. 24.30 lakhs) and 20 million yen (Rs. 9.70 lakhs), import of audio-visual equipment by the National Council of Science Museums, Calcutta (for 1984-85) 90 million yen (Rs. 43.70 lakhs). [Text] [Madras THE HINDU in English 12 May 84 p 9]

INVITATION TO BURMA--NEW DELHI, May 8. India today invited Burma to join the seven-nation forum of South Asian Regional Cooperation (SARC) which the External Affairs Minister, Mr. P. V. Narasimha Rao, said was making good progress. The offer to Burma was formally made by the Foreign Secretary, Mr. M. K. Rasgotra, at the official level talks between the Indian and Burmese delegations led by Mr. Rao and the visiting Burmese Foreign Affairs Minister, U Chit Hlaing. "Burma could just walk into the SARC as a member if it wished", Mr. Rasgotra said. There was no reaction from the Burmese side, an official spokesman said. Earlier, U Chit made a courtesy call on the Prime Minister, Mrs. Indira Gandhi, and conveyed to her messages from the Burmese President, U Sanyu, the Prime Minister. U Maung Kha and the Burmese Socialist Programme party chairman-general Mr. Ne Win and former Burmese head of State. The messages expressed the hope that the traditional and close friendship between the two countries will grow stronger. Mrs. Gandhi reciprocated the sentiments, the spokesman said. At the official talks later, the two Foreign Ministers hoped that the already close ties between the two countries would be developed even further. U Chit expressed concern at the increasing militarisation of the Indian Ocean. [Text] [Madras THE HINDU in English 9 May 84 p 1]

INTUC OFFICEBEARERS--DHANBAD, May 4. Mr. Bindeswari Dubey, MP, has been unanimously elected president of the Indian National Trade Union Congress (INTUC). The 23rd national convention of INTUC, which has just concluded here, also elected Mr. G. Ramanujam as General Secretary and Mr. Kanti Mehata as treasurer, Mr. V. G. Copalan (Jamshedpur), Mr. G. Sanjiva Reddy (Andhra Pradesh), Mr. Subrata Banerjee, MLA (West Bengal), Mr. P. Shankar Nair (Kerala) and Mr. Chiman Bhai Mehta, MP (Gujarat) were unanimously elected vice-presidents. [Text] [Madras THE HINDU in English 6 May 84 p 12]

DATA FROM ANTARCTICA--NEW DELHI, May 3. Valuable scientific data have been collected from the Indian research station set up by the third Antarctica expedition, the Rajya Sabha was informed on Thursday. The Minister of State for Ocean Development, Mr. Shivraj Patil, told Mr. S. W. Dhabe (Cong-S) during question time that the information pertained to the areas of oceanography, geology, glaciology, geophysics, meteorology, chemistry, biology and communication studies. The estimated expenditure on the expedition including the cost of setting up the permanent manned research station was Rs. 5 crores. The station was being operated by 12 persons including three scientists. Regarding the accident of an IAF helicopter during the expedition, he said the court of enquiry found that prima facie cause of the accident was loss of engine power at the most critical juncture of height and take-off conditions. Mr. Patil told another question that the information gathered from Antarctica was useful in many ways. [Text] [Madras THE HINDU in English 4 May 84 p 8]

FOURTH ANTARCTIC EXPEDITION--Preparations are being made to send the fourth Indian expedition to Antarctica towards the end of this year, reports PTI. According to official sources in Delhi, the composition of the team would be finalised within two months. The strength of the team would be around 60 and one or two women scientists may be chosen on merit. Many scientists have expressed their willingness to the Department of Ocean development to make the trip as also defence personnel for providing the logistics support. At least 12 members of the fourth expedition would replace the present wintering party camping for the past two weeks in the permanent Indian station in the icy continent. The sources said the Ministry of Shipping and Transport has floated global tenders for purchasing of ship that would take the expedition to Antarctica. Since the permanent station is functioning well, no major construction activity is envisaged when the fourth expedition makes the trip. The sources said India as a consultative member to the Antarctica Treaty is actively participating in the negotiations for evolving a formula on exploitation of mineral resources in the ocean. A meeting of the Treaty partners is being convened towards the end of this month in Tokyo, Dr S. Z. Qasim, secretary, Department of Ocean Development would represent India at the meeting. Meanwhile, the 12-member wintering party led by Lt Col S. S. Sharma is continuing its scientific experiments. India is one among the ten countries which are having a wintering party in the icy continent. At present, the day lasts for only five and a half hours keeping the team members confined indoors most of the time. Towards the end of this month, it would be dark all the 24 hours, at least for 50 days. For the past three to four days, the stations withstood raging blizzards and team members had to work in temperatures dipping to minus 32 degree C. The members are in constant touch with the Department

of Ocean Development and discuss any technical problems. "Despite working in wilderness, their spirits are high", the sources said. [Text] [New Delhi PATRIOT in English 12 May 84 p 5]

SIKKIM MINISTERIAL APPOINTMENTS--Gangtok, May 16 (UNI)--Five more Ministers were sworn in in Raj Bhavan here today raising the strength of the new Sikkim Ministry headed by B B Gurung to nine. Another member chosen for the Cabinet P L Gurung could not be sworn in owing to the sudden illness of a member of his family, the Chief Minister said. He would be sworn in later. Among the five sworn in today was P M Subba, the lone member of the Lok Sabha from Sikkim. Four members of the Cabinet are newcomers. Governor Homi J H Taleyarkhan administered the oath of office and secrecy to the new Ministers at a function attended by political leaders and senior Government officials. Lok Sabha member Subba was one of the leading dissidents who had worked for the ouster of Mr. N B Bhandari. The portfolios of the Ministers also have been allocated. Like his predecessor, Mr Gurung will hold the home establishment and rural department portfolios in addition to information and public relations. The Chief Minister will also look after planning and development. Mr Athup Lapcha has been given finance, the portfolio held by Mr Gurung in the Bhandari Cabinet in addition to land revenue, forest and tourism. [Text] [New Delhi PATRIOT in English 17 May 84 p 1]

OIL FROM IRAQ--Iraq will supply three million tonnes of crude valued at about Rs 750 crores to India this year, reports UNI. The crude imports from Iraq will be almost at the same level as in the previous year, according to official sources. India has also tied import of three million tonnes of crude from Iran this year. Official sources said the country has already tied up imports of crude this year. Besides contracted supplies, the country may import about two million tonnes of crude from the spot market. The net imports of crude this year, is expected to be only about eight to nine million tonnes after taking into account the export of about six million tonnes of Bombay high crude. The imports of petroleum products, mainly high speed diesel oil and kerosene this year, is estimated at about five million tonnes. [Text] [New Delhi PATRIOT in English 18 May 84 p 5]

ANTI-FAROOQ MEMORANDUM--SRINAGAR, May 4: A delegation of eight dissident National Conference leaders, led by Mr. G. M. Shah, former cabinet minister, yesterday submitted to the governor, Mr. Jagmohan, a memorandum indicating the chief minister and his policies. The memorandum stated: "Ever since Dr. Farooq Abdullah assumed office as chief minister, he has ruthlessly trampled upon the principles and values which were held in esteem by Sheikh Abdullah, and followed in letter and spirit by him. "As soon as Dr. Farooq Abdullah came to power, he forged alliances with communal, feudal, anti-rational and secessionist elements--the very same elements which his illustrious father fought tooth and nail all his life." The memorandum added: "We have with great pain and anguish witnessed the nefarious results of the culmination of this policy in the shameful incidents which took place during the West Indies vs. India cricket match played in Srinagar. [Text] [Bombay THE TIMES OF INDIA in English 5 May 84 p 9]

ENVOY FROM TRINIDAD--The new high commissioner of Trinidad and Tobago, Dr Harrison Elbert Major, presented his credentials to President Zail Singh at Rashtrapati Bhavan on Wednesday morning, reports PTI. Welcoming the new high commissioner, the President said it was with admiration India commended the role of Trinidad and Tobago in the non-aligned movement which had made its presence felt as a moderating influence in a world, riven by strife and tension. "The price of liberty is hard work and both our countries, continue by dint of hard work to preserve it", Mr Zail Singh said. Earlier, presenting the credentials, Dr Harrison Elbert Major said "our friendship and inter-relationship have been buttressed in contemporary times by our faith and conviction in political freedom and in independence for our nation". Pleading for greater cooperation, the new high commissioner said that the time had come for both the countries to begin to consider the feasibility for cooperation in industry, agriculture, trade and technology. Referring to the President's recent successful visit to the South American continent, the high commissioner expressed the hope that it would help forge close and traditional relations between the two countries. [Text] [New Delhi PATRIOT in English 17 Mar 84 p 3]

(20- 0900/1200)

FIGHT AGAINST 'UNLAWFUL DEEDS' TO START SOON

Tehran ETTELA'AT in Persian 28 Apr 84 p 14

[Text] Hojjat ol-Eslam Moqteda'i, member of and spokesman for the Supreme Judicial Council, held a press and radio-television conference Thursday morning in which he presented to the journalists a report about the Supreme Judicial Council's activities during last week.

He first mentioned the ratification of the penal statute pertaining to those who cross unauthorized persons over the borders and the amendment of several articles of the passport law in the Supreme Judicial Council. He said, "Because of their definite importance, the penal statute for those who cross unauthorized persons over the borders and the amendment of several articles of the passport law, as well as the entry and residence of foreign nationals in Iran, again were brought up for discussion and amendment and were amended and confirmed. Since there are border dwellers in some of the frontier areas who have become the tools of professional smugglers and who occasionally cross the border on the pretext of grazing their sheep and cattle or by the same excuse enter Iranian territory from the other side and become conduits for narcotics and smuggled goods or the means for exporting foreign currency from the country, an increase in penalties was considered and was sent to the Majlis for approval.

Regarding the campaign against "unlawful deeds" and the plan for it which is about to be undertaken, he said: "A plan for the fight against unlawful deeds has been introduced and presented for approval in the Majlis. The enforcement and disciplinary officials have also submitted a proposal on this matter to the Majlis yesterday (Wednesday).

"This campaign requires all the Hezbollah members, Majlis deputies and even the beloved combatants from the fronts, and calls for guarding the precious blood of our beloved martyrs. Therefore, the Islamic Revolution Committee, pious and faithful men who are committed to this proposed undertaking, as well as a number of sisters from the judicial police and the public prosecutor's office, have expressed their readiness to join in. The Revolutionary Committee has supplied automobiles in pairs: that is, brothers will be in one of the cars and sisters will ride along in the other. When wicked deeds are seen that involve men, the brothers will intervene, and if they pertain to women the sisters will get out of their car while the men supervise. A place for stationing these people, as well as a prosecutor's

office and a court are being planned. This patrol will be under the supervision of the Islamic Revolutionary Committees of Tehran Province, and its judicial affairs will be the responsibility of the public prosecutor of Tehran.

"It may be mentioned that the methods of operation include notifications, warnings, arrests and inspections. The concerns of the patrols include wicked and obscene acts in public, such as going without a veil or not wearing Islamic garments in the streets and public gathering places, intermingling and unlawful behavior between men and women at parties, cafes, ski resorts and parks, public drinking and displays of drunkenness, selling or unlawful manufacture of alcoholic beverages, gambling houses and obvious centers of perversion or addiction, centers for producing, copying and selling vulgar music tapes and video tapes, nuisances at girls' and women's schools, and basically every kind of wicked act which threatens the public decency of Islamic society. This patrol will in all cases completely observe the contents of the blessed eight-part order of the Imam, the great protector.

"With some of the related difficulties eased, we think that within a week these groups will be able to begin their patrols in the city."

Reassigned Properties of the Former Municipal Shar' Magistrate

He continued with the properties for reassignment from the former Islamic revolutionary prosecutor, located in the municipality. He said, "The representative of the Supreme Judicial Council in the select committee for investigating properties transferred by the Islamic revolutionary court situated in the municipality visited the Majlis and described the operation of the committee for the assembly, saying that many individuals as well as cooperatives which were qualified to receive land have been identified and have been introduced to the municipal land authority, but unfortunately the municipal land authority has done nothing to give out land parcels. The committee is confronted with repeated visits of these people concerning this matter, which is the very reason for the slowness of the committee's work. It was therefore resolved that a letter be written to the municipal land authority stating that they should act in accordance with the Majlis-approved plan which had been presented to them, and the outcome should be reported to the Supreme Judicial Council."

He added, "During the past week I visited the court and prosecutor's office of the anti-narcotics campaign, as well as the temporary detention center. Even though the personnel at the revolutionary court and the prosecutor's office of the anti-narcotics campaign are insufficient in number and are not spokesmen for the authorities, they nevertheless work at their job around the clock and their efforts are appreciated. There are many smugglers in the detention center. I was reminded of two things during my visit. The first is the importance of the anti-narcotics campaign: in our opinion the present smuggling of narcotics has an eventual political purpose and is a plan for destabilizing the Islamic Republic. Bearing this in mind, if people engage in narcotics smuggling and become involved in importing, distributing or dispensing them, their activities constitute corruption on earth and the

death penalty applies to those who are corrupt. The second matter is that it has been mentioned that in Islam we have cases where if a crime is found to be repeated, the criminal will be sentenced to death. For example, if a person openly breaks the fast in a public gathering place during the holy month of Ramazan, Islamic law forgives him. If he does it again he is forgiven a second time, but if he does it a third time he is condemned to death. Similarly, if a person drinks wine on two occasions he is to be sentenced by the court to be flogged both times, but on the third occasion he is sentenced to execution.

"Some of the important people, legal experts and supreme legal authorities exercise caution and give death sentences on the fourth occasion. For this reason I remind everyone involved with narcotics smuggling that they should be careful since if they should be forgiven and freed, or by virtue of mitigating circumstances the shar' judge allows reduced penalties and they are set free and then start smuggling again, they will most certainly be severely punished on the second and third occasions."

Appointment and Naming of New Minister of Justice

On the subject of the appointment of the new minister of justice, the spokesman of the Supreme Judicial Council said: "Several people have been named in connection with the appointment of the new minister of justice. This matter has been discussed in the Supreme Judicial Council and is scheduled for the next session." The Supreme Judicial Council was questioned about the trial of the Tudeh Party members. The answer was given that in accordance with shar' regulations and Islamic standards, the courts have begun the trial of the Tudeh Party members and will be giving a shar' judgement.

12651
CSO: 4640/215

PAPER BLAMES AFGHANISTAN FOR DRUGS SMUGGLED INTO IRAN

Tehran JOMHURI-YE ESLAMI in Persian 22 May 84 p 10

[Text] In the name of God the compassionate and the merciful

Once again the international colonial octopus has created a sinister and horrible incident in the bloodstained land of Islam and, for the thousandth time, has proved its enmity with the sapling of the Islamic revolution in a corner of this vast plain of martyrdom.

For many years in this garden of martyrdom, the black clouds of oppression had hidden the sun of awareness behind them, but the good news of unity pushed aside, as if a breeze, the clouds of darkness and the shining of the bright rays of the sun overpowered the decrepit and weak bodies and brought about what has occurred in our destiny.

Not more than a few years have passed since the warm sun of the revolution has shone over the oppressed people, but, again, for some time now the black clouds have run through the red sky of our land and at times threatened some corner of our border lands with their darkness.

After years of trials and struggle and after suffering intolerable calamities, with their children soaking in blood, our people have sensed the sweet taste of freedom and the guiding rays of light; they have gained freedom more dearly than all the gold and silver existing in the world. For this reason, they consider it their duty to guard this great divine gift and not to sell it at any low price on every street and alley.

This determination and resistance in protecting freedom and insistence on guarding the values of the revolution have caused the enemies of the revolution to dispatch their sinister soldiers to fight the light and guidance. We have witnessed this invasion at various junctures and in different forms over the years since the revolution.

The opponents of light have invaded the young revolution in the garb of disunity and conspiracy in the form of embargoes and interference, but every time, the revolution has become more experienced and stronger. However, this time, another conspiracy against the revolution is under way. From across the borders of this land, darkness and blackness in the form of the home-wrecking monster of narcotics are being injected into the veins and arteries of this revolution in an attempt to rot it from within.

The conspiracy of providing smugglers with narcotics at very low prices, below their value in the international markets, and bringing them across the borders of our land, vastly distributing them through the domestic network and entrapping the young people and the active forces of this revolution, must not be considered with regard to the aspect of smuggling alone; this vast conspiracy has its roots in the great opposition and enmity of the foreign powers against the Islamic revolution and its overthrow and must be analyzed from a deep and broad perspective.

Sending narcotics across the borders of Afghanistan to Iran, the overall support of the Marxist regime governing Afghanistan of this international smuggling network, and legalizing the cultivation of poppies in another neighboring country cannot be analyzed simply, but these programs have their roots in an overall conspiracy by the foreign powers against the revolution.

The importation of more than 160 tons of narcotics by only one international group and the creation of domestic distribution networks are not simple tasks which can be accomplished by a few smugglers who are new to the game, but the issue of narcotics is a critical political front opened by the enemies of the revolution against the Iranian nation and must be fought through a coordinated strike force.

At the present time, the martyrdom and mutilation of 19 of the beloved ones of this revolution, those who served in the revolution committee to battle a smuggling network, is so heart-rending that it requires a serious, comprehensive and coordinated decision by the judicial and executive branches. The need for such an action can be seen in the funeral of the bloody bodies of the martyrs of this crime of global oppression, when the great and self-sacrificing crowd of the people, who are considered the pillars and foundation of this revolution, demanded of the authorities a decisive fight with the narcotics smugglers, the formation of a special court to control the border regions, and avenging the blood of these lofty guards of the revolution.

In the memorial ceremonies yesterday at the funeral of the pure martyrs of the committee, the martyr-nurturing nation gave an

ultimatum to the authorities in offering their bloody gifts and heartfelt shouts, demanding decisiveness in this regard.

We hope that in the not-too-distant future, we will witness the avenging of the blood of these martyrs and the relentless fight against the international conspirators.

God willing

10,000

CSO: 5300/4789

NARCOTICS SMUGGLING CONSIDERED 'ACUTE POLITICAL ISSUE'

Tehran ETTELA'AT in Persian 22 May 84 p 15

[Text] The pure bodies of seven martyrs of the crimes of the international smugglers in Sistan and Baluchestan were followed by the people of Tehran in a magnificent ceremony yesterday morning amid the shouts of God is great and in the presence of national and military personalities.

According to IRNA reports, in these ceremonies which began at 9:00 yesterday morning in Baluchestan Square and in which several of the representatives of the imam of the nation to the revolutionary institutions, the ministers of the interior and the Guards Corps, the representatives of the society of clerics, several representatives of the Majlis, the chief of police, the revolution prosecutor of Tehran, the anti-narcotic revolution prosecutor, and the head of the revolution committees were present, after reciting several verses of the Koran, Hojjat ol-Islam Nateq-Nuri, in a speech, the minister of the interior expressed appreciation for the great presence of the people of Tehran in the funeral ceremonies of the pure martyrs of the revolution committee and offered congratulations and condolences for the martyrdom of 19 of the brave children of the Islamic nation.

The minister of the interior said: The guards of the Islamic revolution pledged their blood and martyrdom from the first day that they put on the garb to guard Islam and were prepared to fight any sort of conspiracy.

He added: For the revolution guards, such tragedies have not been and are not unexpected.

The minister of the interior said: From the day of the victory of the Islamic revolution, when the United States suffered a heavy defeat, overall confrontation with the dangers resulting from the mercenary conspiracies of oppression has been a natural occurrence and the guards of the revolution have been prepared for it.

He said: Through various means, including revitalizing the hypocrites, imposing the war, military coups, economic embargoes, and spreading narcotics among the Iranian youth, the United States intended to halt the movement of the revolution, but it was not successful.

He added: We are certain that with the presence of the people always on the scene, the latest conspiracy of oppression will also be suppressed.

Referring to the necessity to fight narcotics, the minister of the interior said: The problem of smuggling narcotics is a crucial political problem and must be fought as a counterrevolutionary front. He said: The threat of the armed smugglers in the area of Sistan and Baluchestan is no less than the threat of the mercenary hypocrites of oppression and dealing with them must be decisive.

The minister of the interior emphasized: With the self-sacrifice that we know in our guards, God willing, soon we will avenge the blood of these beloved ones at the hands of the mercenaries of oppression.

The minister of the interior emphasized that narcotics smugglers are the corrupt of the earth and the judicial authorities must deal with them severely.

Referring to the increase in the discovery of narcotics since the victory of the Islamic revolution, Hojjat ol-Eslam Nateq-Nuri said: The smugglers pursued by the revolution committees were a large, organized network responsible for the distribution of narcotics in the Sistan and Baluchestan area. With the arrest of 60 of them, more than 700 kg of narcotics were discovered. He added: This group had imported more than 160 tons of narcotics within a period of over 2 years. With the self-sacrificing operations of the law enforcement officials, their large network has been broken.

The minister of the interior emphasized: We are determined to turn the eastern desert of Iran into a graveyard of the counterrevolutionary smugglers and villains of the area.

The operation for the control and closure of 2,000 km of the border of the country, which will play an important role in preventing narcotics trafficking, began one year ago and for this reason, a new road will be built throughout this area.

Hojjat ol-Eslam Nateq-Nuri said: The Islamic Republic of Iran has the capability to resolve the problem of the desert and the forces that have been mobilized since the victory of the Islamic revolution in the Sistan and Baluchestan area will follow their

mission decisively. Calling for more decisiveness and effort on the part of the revolution guards in fighting the narcotics smugglers, the minister of the interior requested the establishment of special courts in this area.

Warning the narcotics smugglers in different areas of Tehran, he asked the people to cooperate more with the law enforcement agents to eliminate the problem of narcotics. The minister of the interior added: A new force made up of the brothers in the committees and gendarmerie has joined the other forces stationed in the desert. And we hope soon to report to the Hezbollah nation the news of their success. According to the report, in the continuation of the ceremonies, while the band of music played mourning marches in honor of the martyrs of the revolution committees, the pure bodies of the martyrs were followed in a procession amid the magnificent gathering of the mourning people of Tehran before the central committee towards the flower garden of the martyrs (Behesht-e Zahra) with the crowds of the followers in the procession shouting: this is our depleted flower, a gift to our leader; the armed smugglers must be executed; we will not rest until we have avenged your blood; and the Shar' magistrate, revenge, revenge; and demanded more decisiveness on the part of the judicial authorities in dealing with the merchants of death.

10,000

CSO: 5300/4788

MINISTER SAYS COTTON CRISIS 'MAY SPILL OVER TO NEXT SEASON'

Karachi DAWN in English 30 May 84 p 1, 12

[Article by Shaheen Sahbail]

[Text] KARACHI, May 29: The country's leading textile tycoons were tacitly told by a Federal Minister today that the current cotton crisis might spill over even to the next crop season but there was little the Government could do in the given situation.

"There is a likelihood that the next cotton crop may also be delayed," Federal Industries Minister Elahi Bux Soomro told the newly-elected Executive Committee of APTMA, the organisation representing the textile industry.

Explaining later to newsmen, Mr Soomro said: "I personally think the situation is such because there is less water in the rivers, the last wheat crop has lingered on due to delayed rains, overlapping of crops has occurred and there has been delay in the preparation of land for cotton."

Textile experts, gathered for the 27th annual general meeting of APTMA, said a delay in the next crop could further increase the pressure on the Government to import more cotton at this stage so that a severe shortage could be avoided in the coming few months.

Mr Soomro told APTMA executives that the Government fully supported their proposal for a buffer stock of cotton but he was not sure whether at this stage, when cotton was in short supply even in international markets, huge quantities mentioned, as 200,000 or 300,000 bales, would be available for a buffer.

He said CEC was importing about 75,000 bales which were in the pipeline, but that was all which could be considered as a buffer. He, however, gave an assurance that CEC would not be making any money on these imports.

Official sources said the CEC Chairman had earlier at a meeting assured Mr Soomro that, unlike the past, the dealing between the textile sector and CEC would be maintained at a very cordial and mutually beneficial level.

This was confirmed by Mr Soomro when he told APTMA leaders that the new management at CEC would prove much more forthcoming in its relations with the private sector.

in whatever form they might be and, hence, it was trying to announce its policies on an annual basis, avoiding abrupt changes amounting to mini-budgets in the middle of the year.

"We had to take certain measures like withdrawal of refinance on cotton yarn earlier this year because of the severity of the cotton crisis," he told newsmen. "But we will not make it a policy to announce mini-budgets. All concessions and packages will be announced at one time so that no uncertainty prevails."

Mr Soomro admitted that the Government had made mistakes in assessing the size of damage to the cotton crop and that measures taken to remedy the situation were delayed. "The working of government is full of checks and balances and we have to admit that delay occurs in our system", he said.

But he stressed that whatever proposals were made by the textile sector to meet the situation were readily accepted.

Mr Soomro told the industrialists that the Government wanted to do away with the policy of subsidies,

Answering questions put by APTMA members regarding differences between APTMA and the Industries Ministry, Mr Soomro said his Ministry had always supported the textile sector, but if the Finance Ministry did not agree on some proposals, it must be having larger national interests in view while making decisions.

He said that instead of exporting cotton "we should try to add more value to it by weaving and producing value-added goods" and this was the thrust of the Government policy.

NEW SUGGESTIONS BY DEFENSE MINISTER CONFUSING

Karachi JANG in Urdu 6 May 84 p 3

[Editorial: "Refrain From Making New Proposals"]

[Text] President Zia and his government profess a firm and unalterable stand on their decisions to abide by the 12 August 1983 political structure in accordance with which elections will be completed and a civilian government restored. But the ruling authorities sometimes make statements that do not agree with the aims and principles of this political structure and create anxiety and confusion in the minds of the people, who then begin to wonder what the government's ultimate political program is likely to be. A few days ago, while addressing a discussion meeting in Lahore, President Zia expressed his support for the suggestion of Mr A. K. Barohi, the country's prominent law expert and scholar, that the president should be elected before the parliament by direct vote of the people. The president had stated earlier that if the political parties boycotted his election program, he would refer directly to the people; but he soon explained that he was expressing only his personal view and that, though both suggestions were outside and beyond the 12 August formula and though he had mentioned them, he still stood by his announced program. This has greatly reduced confusion and indicated to the country's press and political circles that the 12 August political structure is still intact. Ali Ahmad Talpur, Pakistan's minister of defense, has now made a new proposal with reference to future political progress that, in certain respects, resembles Barohi's proposal and in certain other respects is different. Mr Talpur suggested that the president should be elected before the convening of the parliament and that the federal cabinet should propose a candidate and submit his name to the people's vote. If the candidate receives a majority of the votes, his appointment as president would be considered as confirmed and elections would then be held for the parliament. If the candidate proposed by the cabinet is rejected by a majority of the people, a second candidate's name would be submitted; if he is rejected as well, a third name would be proposed and the process repeated until a majority of the people approves of a candidate. This proposal by the minister of defense is an entirely new idea, which ignores the well-known system of direct elections and instead advocates the nomination of one candidate at a time by the cabinet. The strange thing is that the minister of defense claims at the same time that the 12 August formula is still in force and that the

government is committed to conducting elections in accordance with this formula. This assurance by the minister is a cause for satisfaction; but when he makes a serious suggestion entirely different from and even directly contradictory to the scheme of the political structure and follows it up by saying that the 12 August agreement is still in force, the effect created is somewhat strange and is bound to create confusion in the public mind.

Clearly, Mir Ali Ahmad Talpur made the suggestion as a personal view; but since he is the minister of defense and an important and responsible official of the present government, a suggestion by him during a regular interview conducted by a national press agency cannot be dismissed as merely the personal opinion of an individual. It should surprise no one if political and press circles start speculating on the basis of his suggestion. We think that the country's political situation is already confused and unclear enough. Most of the country's political circles do not agree with the 12 August political formula and talk of boycotting any elections based on it. It would be fitting if the government or some of its responsible officials at least did not do anything to create the impression that the 12 August formula is not firm. The present situation is that the government promises to observe the 12 August program while at the same time it continues to make other proposals, with the result that nothing is perceived as definite or final. The ruling authorities should give careful thought to the situation and put an end to these continuing new proposals, even those of a personal nature. What is needed is a plan to resolve differences with the political parties over the 12 August formula and thus put an end to speculation both inside and outside Pakistan about the increasing possibility of confrontation. What is not needed are totally new proposals that increase confusion.

The minister of defense mentioned that some countries have permanent rulers, such as kings and queens; since he did not clarify how this applies to Pakistan, we consider it unnecessary to comment on his statement. But it would not be inappropriate to say that such ambiguous suggestions made even indirectly cannot produce any useful results.

9863

CSO: 4656/148

PAKISTAN'S POLICY TOWARD AFGHANISTAN ANALYZED

Karachi DAWN in English 19 May 84 p 9

[Article by A. T. Chaudhri: "Afghan Policy and Public Opinion"]

[Text]

SINCE the public has little or no say in the formulation of foreign policy and is treated as a receptive sponge, it is not surprising that even the Afghan policy of the regime has of late begun to lose national consensus.

Thus, several leaders of public opinion, with diverse political affiliations, have recently pleaded that the Afghan policy should be given a second look; Islamabad should recognise the Karmal regime and hold direct talks with Kabul to cut the Afghanistan knot.

In what has become a sort of national debate, the first shot was fired by the chairperson of the defunct PPP, some time ago. Her lieutenants have since reverted to this theme without examining its pros and cons. Only the other day, the Acting Secretary-General of the Party observed: "The government must solve the (Afghan) question through direct talks with Kabul." He also made bold to assert that the Soviet troops were invited by the "Afghan people" and would go back only if there is a "fruitful" dialogue between Islamabad and Kabul.

Amicable solution

Endorsing this stand a veteran leader of the defunct NDP added a footnote saying that a prerequisite for an amicable settlement is the restoration of the same rights to the people of Pakistan as are being de-

manded for the Afghans. In a similar vein the PNP chief has also urged the government to reverse the gear of Afghan policy and engage Babrak Karmal in a face-to-face encounter.

Likewise, the boss of the defunct Tehrik has gone on record affirming that: "The argument that negotiations could take place with the representatives of the ruling political party but not with the Afghan government, even if both are represented by the same people, was an example of political hairsplitting that could only obstruct the solution of the problem." He calls this stand "illogical", "intransigent", "absurd" and indicative of the extent to which some Powers are prepared to adopt "ridiculous" postures, if only these serve their interests.

Some opinion-makers have advocated that the whole spectrum of the Afghan policy should be drastically revised, direct talks initiated with Karmal and rail/road links linking Kabul with Delhi and Dacca established forthwith. In other words, this country should expose its frontiers to the traffic of problem-neighbours unmindful of the hazards involved in the so-called open-door policy.

Even pro-Soviet leaders of Muslim States who subscribe to the OIC resolutions have been pressing President Zia — as he disclosed in his address before the last Islamic summit — to set up a hot line with the Kabul junta, since it enjoys the support of a super-Power. Others argue that Pakistan and Afghanistan have not severed di-

plomatic links — for they maintain Consular services — and the Afghan Consul is periodically called to the Foreign Office to receive protest Notes. So, why not discard the veneer of non-recognition and treat Babrak Karmal as a legitimate successor to his Communist fore-runners Tarahki and Amin with whom Islamabad had got on so well?

Now, those who talk glibly of recognising Karmal as a "sovereign" in his captive land cannot be unaware of the fact, unlike his predecessors, he is a usurper catapulted by the Soviet strategists into the Afghan pagoda of power, when there was no Government at Kabul. He has since endeavoured to consolidate the rule of Soviets by proxy, though their writ hardly runs beyond Kabul and a few garrison towns. To recognise Karmal is therefore to legalise aggression and set the seal of approval on the "armed doctrine" and expansionist credo of the Kremlin.

You have a handshake with Karmal and you betray the threat to four million Afghans who have sought refuge in Pakistan and Iran. You also betray Iran which refuses to have any truck with the puppets perched in Kabul or join even the U.N.-sponsored indirect parleys, unless the Mujahideen are associated with the triangular talkathon. Above all, you recognise the Soviet protegee in Kabul and you betray the OIC, the U.N. and even the NAM. In consequence you enact another Camp David in the eastern roundabouts of the world. You lose your credibility and become an international delinquent. For, the Afghan problem is not bilateral or regional; it is global.

A free agent?

There are several other pertinent questions which the protagonists of "recognition" and "direct talks" must ponder. Is the Karmal regime a free agent and can it sign any accord or reach even a tacit understanding on any issue of vital import? Has it not sold its soul, Faustus like, to those who are the sole arbiters of the Afghan destiny? ~~How then~~ would a dialogue with a Humpty Dumpty bear any fruit and how would it induce his masters to beat a retreat.

If there can be any meaningful dialogue to resolve the Afghan imbroglio, it can only be with Moscow. It's no use dialling a wrong number. But Moscow which appeared to be in a reasonable frame of mind, last year and had shown some flexibil-

ity at Geneva II — directing Kabul at times to put the right foot forward — has of late shifted its stance. It may well argue that while majority opinion in Pakistan is in favour of Karmal, the Government is playing the U.S. game in keeping the Afghan cauldron on the boil and that the U.S. would rather like to escalate the resistance in Afghanistan than throw its weight behind a just and durable political settlement.

It is also contended by independent analysts that it would suit the policy-makers in Washington to make the Afghan settlement a part of the future package deal between the Super-powers — an appendix of East-West detente. The U.S. spokesmen vehemently deny this charge saying that they do not want to prolong the agony of the Afghan refugees or link the Afghan issue with East-West confrontation — instead, their Afghan policy is based on pragmatism; they would heave a sigh of relief, if the Soviet troops pull out from Afghanistan and remove the threat of using it as a springboard for any offensive against the oil-rich Gulf.

National interests

So far as Pakistan goes, it has to steer clear of Super-Power rivalries, in keeping with the principle of non-alignment, resist all untoward pressures, whether from Moscow or Washington, and pursue its Afghan policy with a singleminded commitment to national interests. For this purpose the people must be taken into confidence and the intricacies and complexities of the Afghan issue must be explained to the leaders of public opinion. The paramount need is to evolve a national consensus on the Afghan crisis. Unfortunately the internal and external policies have become badly intertwined. These ~~must be~~ untwined.

The only way out of the current dilemma is to convene an exclusive meeting of Generals and politicians with a one-point agenda: The Afghan Question. They must rise above domestic politics and internal discords and tackle the Afghan problem on a priority basis to hammer out a national agreement in the light of objective realities and geopolitical imperatives. Otherwise, if those sitting at the helm of power and those outside corridors of power continue to speak with different voices, it would sabotage the future of Afghanistan and might make it a Soviet satrap for all time to come.

TRADE WITH IRAN DISCUSSED

Karachi DAWN in English 26 May 84 Business Supplement p III

[Article by M. B. Navqi: "The Good and the Bad About Rising Exports"]

[Text]

AMIDST much self-congratulation over the economic performance some of it justified, there are also elements of doubt and worry. Thus, while the officials responsible for boosting exports can certainly pat themselves on the back for a good show in a difficult year, there are areas that are causing them deep disquiet.

There are two main ones: The first is downward trend in certain key exports. Actually there are several more items that have recorded a decline, such as petroleum products, but they have special reasons. In this case, there is simply no export surplus. There should therefore be no worry on the score of such items. But when the adverse trend hits items that are the mainstay of our exports, it is time to sit up and take stock of the situation soberly. Cotton and cotton piecegoods are such items.

Compared to the corresponding period of 1982-83, the last four months (of 1983-84) show a downward trend in most such items, except one: cotton garments. These items include raw cotton, cotton, yarn and rugs and carpets though not garments. This is genuine ground for worry. But the perspective should not be distorted. Two elements of the situation need to be kept in focus. One is the heavy reduction in raw cotton production

for this year; up to 45 per cent crop loss has been estimated; this was bound to tell on our exports. The other constituent is the overall performance in the export field.

Concern

Authorities claim that in the ten months of the current year exports have risen by 15 per cent by value in terms of dollars earned as compared with the same period last year (1982-83) while in terms of rupees the benefit is over 20 per cent. This is not at all bad.

The fact that cotton-made and cotton-related goods are not moving up by anything like the expected or desired rate of increase in exports is a matter for concern. This cannot be dodged. One good reason has been noted: Cotton crop failure. That introduces heavy instability in prices of raw material all along the line. Failure of exporters to meet their commitments has been noted. Some corrective action will have to be taken. But the more notable feature is failure to be able to line up new contracts; and this is happening. Something may have to be done. But what is not clear, agreed or easy to agree on.

There is a continuous running battle between the export promotion officials and the exporters regarding the quantum of state help; private business is hardly ever satisfied with what the government agrees to do in any given situation. The government side complains that private businessmen proceed immediately to misuse the incen-

tives. And so forth; the debate is unending and the truth seems to be evenly balanced between the contending sides.

More help

Anyhow, the trade is sure there is now ground for more state help in this 'dire' situation. Even the State Bank authorities think some incentives are called for. Some EPB officials too are inclined to support the idea. But many officials, both in the SPB and EPB, mostly of middle-rank, wish to look the gift horse closely in the mouth. They want a rigorous examination of detailed prices and qualities and are not satisfied with generalities — for extracting state assistance that is more than justified. They want to make sure that no more than absolutely necessary is granted and that it should be so hedged with conditions that it should be difficult for one to misuse. This attitude hurts the businessmen and they loudly complain. The officials, on the other hand, feel amply justified in demanding safeguards and they cite history.

The second major area for worry is Pakistan's exports to Iran. It may be recalled that Iran is now Pakistan's biggest trading partner: volume of trade with it was approaching \$450 million. There were high hopes for the future. The earlier indications given by the Iranian officials were that sky was the limit for Pakistani exports provided the trade roughly balanced. Now there were certain difficulties, in doing that some absolute and some of policy.

Iran's real wish was to sell more oil while Pakistan has pre-existing commitments to buy oil from Iran's competitors — despite Iran's larger discount hints. The absolute difficulties standing in the way of a much-expanded Pakistan-Iran trade are also the inadequacy of infrastructure in both Pakistan and Iran — latter's certain areas. Pakistan's export surpluses too are much too small and in certain cases Pakistani goods quality — as in the case of sugar — is not quite acceptable.

Despite these limitations, a \$500 to \$900 million trade with Iran remains within the realm of possibility. But what is happening instead? During the last four months (i.e. January to April 1984) export (or-

ders) registration with the EPB has fallen catastrophically from over \$72 million in the corresponding months of 1983 to a ridiculous \$3 million. This is causing consternation.

Big fall

No explanations are available, of course. Inevitably, there are theories. Anyhow, the government cannot quite operate only on the basis of hypotheses. It is therefore trying to find out what is happening and whether they have any rectifiable grievances. Meanwhile, the theorists are having a field day.

The Cassandras think there are deep political reasons; the Iranians for some obscure reasons are unhappy with Pakistan. Therefore, they are holding their hand. They point to a recent trade and economic agreement recently signed between India and Iran that is supposed to be very large and envisages Iranian investments in India. A worst scenario is drawn. But there are others who claim to be more knowledgeable about Iran. They point to internal political situation in Iran as the determining factor.

Dilemma

According to this school of thought, the Iranians are impaled on the horns of a dilemma: The Majlis-i-Shoora-i-Islami has been unable to pass a legislation laying down the sphere of private and state trading in the external trade of the country. New Parliament is being elected from May 15 onward and it will not convene before June next and even then it will take some time to tackle the contentious issue.

There was an interim solution to this problem too. An ad hoc committee of the outgoing Majlis had been agreed upon to allocate, on some ad hoc formula, foreign exchange between importers both private and official agencies. But unfortunately they could not agree upon the committee members or guidelines to it; so no committee came into actual being. Until the next Majlis sorts out the issue, the matter is likely to hang fire. So, don't worry.

ECONOMIC COUNCIL SETS GDP GROWTH TARGET

Karachi DAWN in English 28 May 84 pp 1, 2

[Text]

ISLAMABAD, May 27: The National Economic Council (NEC), which met here today under the chairmanship of President Gen Mohammad Zia-ul-Haq, approved the Annual Development Programme (ADP) which will focus on overcoming the recurring energy crisis in the country and endorsed the next year's development targets in agricultural and industrial sectors.

Dr Mahbubul Haq, Federal Planning Minister briefing newsmen after the NEC meeting, said the NEC had approved for the next fiscal year (1984-85) GDP growth rate of 8.5 per cent, agriculture growth rate of 10.2 per cent, industrial growth rate of 9.2 per cent, total export earnings increase of 21.3 per cent, imports increase 10.3 per cent, and increase in fixed investments by 21.1 per cent, including 28 per cent share in growth for private investments.

He said that in the agriculture sector the NEC had approved ADP targets of 13 million tons for wheat, 3.5 million tons for rice, 5 million bales for cotton and 35 million tons for sugarcane for the next fiscal year 1984-85. The projected increases in these crops would be 12.7 per cent, 3.9 per cent, 69 per cent (as against a current shortfall of 38 per cent in cotton) and 3.3 per cent, respectively.

The industrial development projections approved by the NEC for the next fiscal are: sugar 1.29 million tons, cotton cloth 3.52 million sq. metres, vegetable ghee 660,000 tons, cement 5 million tons and fertiliser 1.17 million tons.

Dr Haq said the size of the pro-

posed ADP and its distribution between the Federal and provincial Governments would be revealed when the budget is presented next month by the Finance Minister, but informed sources indicated that it would be larger by about 10 per cent as against Rs 310,000 million for the current fiscal which, however, showed a shortfall by about 3 per cent in implementation.

The Planning Minister said the NEC decided that the emphasis in the next year's ADP should be on energy and education including science and technology. In fact, the energy sector would claim most of the share the next year, and the efforts would be made to complete in the next fiscal most of the ongoing projects in this sector which were initiated in the last two or three years, he further said.

The present gap in electricity supply and demand, he disclosed, was between 700-800 mw which was leading to load-shedding. He hoped that with the priority allocations and commissioning of additional units, the total generation capacity in the country would increase by 33 per cent by adding 1500 mw enabling WAPDA to overcome the energy crisis.

While explaining the NEC's concern to education, Dr Haq said it was felt that very little attention was being paid to teachers' salaries in schools including mosque schools.

He said the ADP would include teachers' recurring salaries as part of development budget so that provincial governments did not have

to look around for meeting this expenditure in future.

He asserted that the higher priority to education would aim both at improving its quality and extending its coverage.

The Planning Minister said the President had particularly expressed his concern over the falling rate of saving in the country, and the NEC had decided upon some specific measures aimed at creating awareness for savings by widely publicising them.

Answering a question, he recalled that the President himself stated at today's meeting that he had received offers for large savings and investments from various quarters. He believed that economy provided larger scope for savings and investments.

In this context, Dr Haq said, his own personal views were that to compel people to develop savings consciousness, expenditure tax on consumer-oriented society should be imposed, specially on lavish wedding expenditure and on non-imported consumptions. He, however, emphasised that his own proposal was not a decision of the NEC.

He said the NEC was also strongly in favour of containing monetary expansion and strict watch and monitoring of prices. He said that during the current fiscal the cost of living was estimated to have gone up by 9 per cent as against 5 per cent a year earlier.

In the field of oil exploration, Dr Haq said, the NEC had estimated that the target of 17,000 BPD would be reached two years ahead of the deadline in the next two years.

He also disclosed that the NEC further decided that it would meet twice a year instead of once a year to take stock of the economic situation and adopt measures for rectifying any shortcomings. The next NEC meeting would be held in December. It was also stated by him that the NEC had considered 18 reviews prepared by the newly-created project wing of the Planning Commission.

Agencies add: Total export earnings will rise from an actual of 4 per

cent in 1983-84 to 21.3 per cent, imports from 6.4 per cent to 10.3 per cent, and fixed investment from 14.6 per cent to 21.1 per cent. The private investment target will go up from an actual of 19.9 per cent growth in 1983-84 to 28 per cent in 1984-85.

The Council decided to release the industrial investment schedule along with the Budget, when tariff reforms and a major liberalisation policy will also be announced, Dr. Mhbabul Haq said.

The NEC decided that credit should be expanded for the private sector, while the credit for the Government and Government-owned corporations should have growth only at a smaller pace.

The meeting decided to provide the Punjab and Sind Governments an interest-free loan of Rs. 50 million to subsidise purchase of hand and power pump sprayers for plant protection for cotton.

In view of an expected stagnation of home remittances, the meeting decided to make up the losses by stepping up merchandise exports. The commerce ministry will prepare a blueprint for increasing exports at the rate of 20 per cent a year in the next four years.

The meeting also decided that some of the waterlogging and salinity projects should be immediately completed, instead of spreading the financial and other resources on several of them, which consume up to 40 per cent funds in the form of interest payments and overheads, leaving very little money for actual investment.

The meeting decided to maximise efforts to attain self-sufficiency in oilseed production, which cost 600 million dollars in imports in 1983-84. The Ministry of Food and Agriculture will work on this project.

The NEC also asked the relevant ministry to present to the ECNEC, as soon as possible, the additional dual carriageway project linking Peshawar with Karachi.

The President directed that immediate improvement should be made in urban transport and, if possible, funds should be provided in the next Budget.

INDUSTRIAL INVESTMENT IN NWFP: FIGURES GIVEN

Karachi DAWN in English 21 May 84 Business Supplement p I

[Text] PESHAWAR, May 20: An industrial investment of Rs 5184 million was sanctioned for the private sector during 1977-83 as compared to Rs 490 million sanctioned during 1971-77.

Accordingly, the share of NWFP increased from 5.5 per cent during 1971-77 to 10.7 per cent during 1977-83 at the national level.

During the Fifth Plan, a sum of Rs 2269 million was earmarked for public sector in the NWFP which included Rs 1953 million for federal projects and Rs 316 million for the provincial agencies. Against these allocations, a sum of Rs 2060 million has been spent by the Federal Public Sector. The following major industrial units have been set up by the federal corporation during the 5th Plan in the NWFP:

- i) Tarbela cotton mills.
- ii) Dir forest complex.
- iii) Mustehkum cement factory (extension).
- iv) Hazara urea plant.
- v) Kohat cement factory.

The provincial public sector spent an amount of Rs 244.83 million during the Fifth Plan.

An amount of Rs 1070 million has been earmarked for the provincial public sector agencies in the Sixth Plan. The industrial projects to be taken up by the provincial public sector include a paper board plant at D. I. Khan, sheet glass plant at Pezu, bicycle plant, electronic manufacture and assembly plant. Industrial investment schedule envisaging an investment of Rs 90-100 billion in the private sector during the Sixth Plan is in final stage of preparation. Additional facilities for the NWFP are expected in the schedule.

In order to promote industrial investment in the province, the Federal Government has extended tax holiday and Custom duty exemption facilities upto June 1988 to Dera Ismail Khan and Malakand Division, Kohistan and Mansehra districts and all approved industrial estates in the province irrespective of location.

With a share of 12.99 per cent in the country's population, the NWFP has only 4.3 per cent of the industrial labour, 6.3 per cent of industrial production and only 7.5 per cent of the fixed assets.

The reason for slow pace of industrialisation are non-availability of developed infrastructure facilities, distance from the sea port, market centres and development institutions, lack of skilled workers and absence of provincial governments control over the fiscal and monetary incentives etc.

CSO: 4600/602

PAKISTAN

BIZENJO HIT FOR NATIONALITIES VIEWS, SUPPORT OF USSR

Lahore NAWA-I-WAQT in Urdu 10 May 84 p 10

[Editorial: "Wali Khan's call to Bizenjo"]

[Text] A prominent leader of the NDP [National Democratic Party], Mr Wali Khan, has said that his party is in favor of a federal government in Pakistan and is in complete agreement with the Muslim League resolution passed in Delhi at a 1945-46 meeting of Muslim members of the provincial and central assemblies, elected as nominees of the Muslim League (the political party that fought for the creation of Pakistan). He said this in answer to a statement made by Mir Ghaus Bakhsh Bizenjo, founding leader of the Pakistan National Party [PNP], who has been trying to put his own interpretation on the Lahore Resolution, claiming that the resolution allowed all the provinces of Pakistan to be fully independent units. He, very generously, even allows Pathans and Baluchis to have different nationalities in Baluchistan and is willing to divide Punjab into Saraeki and Pothoari provinces, according to ethnic and language groups. The case of Mr Bizenjo is very intriguing. Before the creation of Pakistan, he was an office-holder in a subcommittee of the Hindu-dominated congress known as the "All India States' Peoples' Congress." He considered the subcontinent to be one country, and Hindus and Muslims to be one nation. This was his political leaning at that time, but once Pakistan had been created by the endless struggle of the Muslims and their sole representative political party, the Muslim League, he, at the instigation of the out-going British and power-grabbing Indian Congress, became the champion of the independence of the state of Qallat. He still maintains the Qallat was never a part of the subcontinent. He says it was different from other states and even the British treated it differently. After being integrated into Pakistan, Qallat's separate identity has become a thing of the past. Now Mr Bizenjo is propagating the philosophy of the different nationalities of Pakistan (especially invested by Moscow to destroy the integrity of our country). The way he justifies the Soviet invasion and occupation of Afghanistan shows that despite his so-called nationalism, his loyalty to Moscow is beyond question.

His chief helper in propagating the disruptive philosophy of provincial autonomy is Mrs Hameeda Khoru. She gives the same interpretation to the Lahore Resolution that is given by Mr Bizenjo. She says about the province of Sind (to separate which from Bombay and include it in Pakistan her illustrious father rendered unforgettable service) that if a referendum were held

now, 99.9 percent of the people would vote in favor of seceding from Pakistan. Dr Hameeda Khoru wants to become conspicuous at any price. She thinks that in order to become a great leader, all one has to do is be an extremist in every way. The pseudointellectuals of Punjab support her because, being insignificant themselves, all they need to become conspicuous is to agree with all that is being said against Punjab. Mr Wali Khan's advocacy of a federal government for Pakistan and his declaration that he considers Pakistan to be one country is praiseworthy as well as noteworthy, because he has for some reason denied any connection with the mischevious and historically baseless philosophy of Mr Bizenjo. May God help him to be faithful to his decision, as his own decisions are often tainted by political expedience. He talks about a united Pakistan at a time when Mr Bizenjo has been on a 10-day tour of the Frontier Province and has, perhaps, succeeded in separating some of his extremist followers from himself.

As a matter of fact, Pakistan was created by the Muslims of the subcontinent. The slogan in those days was "Join the Muslim League, if you are a Muslim," but there was never any reference to the four nationalities of which Mr Bizenjo speaks and among whom the Lahore Resolution, according to him, was prepared as a pact. If there had been any such question, Mrs Nasim Wali Khan would not say that she opposed the creation of Pakistan because she did not want the Muslims of the subcontinent to be divided between the two countries of India and Pakistan. That is why the people of the Muslim minority regions in India opted to join the region nearest to them across the border of India. Contradicting established historical facts seems to have become a vogue these days. But in the words of Allama Iqbal, the philosopher of Pakistan: "It is useless to go on repeating what is false."

12476

CSO: 4656/155

SOFT TERM LOAN DEAL WITH GERMANY SIGNED

Karachi DAWN in English 30 May 84 Business Supplement p 1

[Text]

ISLAMABAD, May 29: Federal Republic of Germany will provide to Pakistan financial and technical assistance of DM 221 million (approximately Rs. 1.136 billion this year under bilateral economic cooperation agreement signed here today.

Dr Kalus Tertloth, German Ambassador to Pakistan, and Mr Ejaz Ahmed Naik, Secretary-General, Economic Affairs Division, signed the agreement on behalf of their respective countries.

Negotiations to this effect were held here from May 28 to 29 between the two countries.

The negotiations were conducted in the spirit of the traditional friendly relations existing between the two countries.

The agreement provided for the utilisation of DM 120 million. DM 100 million (Rs 514 million) will be given on soft-term basis (50 years' maturity including grace period of 10 years, rate of interest 0.75 per cent per annum) and DM 20 million (Rs 102.8 million) on grant basis. The amount of DM 100 million will be used for projects in the fields of

telecommunication, power transmission, transport and the import of commodities. With DM 200 million, the German Government will support refugee-related programmes in Pakistan.

The amount of DM 221 million also includes up to DM 79 million (Rs 406 million) commercial loans to be made available by the German Government.

Within the bilateral Technical Assistance Programme, up to Rs 113 million will be provided on grant basis for various vocational training schemes in the provinces including the NWFC and Baluchistan.

In addition to the above programmes, the German Government will provide, as in the past years, food aid and humanitarian aid to Afghan refugees amounting to a total of approximately DM 25 million (Rs 8.5 million).

The German delegation was headed by Dr Willi Ehmann, Director-General, Ministry for Economic Cooperation, Federal Republic of Germany. The Pakistan delegation was led by Mr Ejaz Ahmad Naik.

CSO: 4600/603

UNEMPLOYMENT: STATISTICS GIVEN

Karachi DAWN in English 30 May 84 p 2

[Text]

LAHORE, May 29: The ratio of unemployment in Pakistan ranges between 12 to 15 per cent over the last five years.

According to official sources the ratio was about 8 per cent in the 70s but started to rise steeply as the decade drew to a close. Pakistan is the third country, after India and Sri Lanka, where the unemployment ratio is over 10 per cent. In the latter two countries the ratio is 13 to 17 per cent.

Most of the jobless youth come from the category of 'general education'. In this category are a number of graduates and people with post-graduate qualifications. People with Masters Degree in Business and Public Administration were also facing difficulty in finding jobs. Similarly, there appears to be few opportunities for MAs in Fine Arts.

Nevertheless, the most alarming situation is obtaining in medical profession. About 50 per cent of fresh medical graduates is facing unemployment, particularly in Lahore. Under the essential Personnel Registration Ordinance, 1948, all the fresh doctors are required to seek registration with the Manpower Division. However, as doctors' appointment is also made by the Public Service Commission, the Division is not too clear about the exact ratio of their unemployment. Nevertheless the number of

doctors in honorary house jobs who are not paid any remuneration has been increasing.

Accurate stenographers, stenotypists and other skilled secretarial workers in different fields are not available and finding competent persons has become a problem. The Manpower Division has a number of vacancies for such technically trained persons but their turn-over is very low.

Figures show that the manpower offices in the province were able to get only about 23 per cent people employed in 1983. In the Punjab, 2,26,371 persons got themselves registered last year. Of them, only 56,748 were able to secure jobs. But of the total number of people employed around 10 per cent more dropped out or were sacked. As for women only about 4,900 were able to get employment out of a registered number of around 21,000 girls.

The year 1978 was the worst for employment opportunities. Out of the 1,70,000 registered only 33,500 or 19 per cent got jobs.

However, about 28 per cent candidates were able to get jobs in 1981 which is highest in the last seven years. Out of about 177,000 registered candidates about 49,000 got employment. The general candidacy-job ratio over the last seven years has been about 77-23.

SIND LAW, ORDER: CONCERN VOICED

Karachi DAWN in English 28 May 84 p 7

[Editorial: "Under a Well-Thought-Out Plan?"]

[Text]

THE other day, President Zia-ul-Haq took note of the fact that the law and order situation in the interior of Sind was causing much anxiety. Although the incidence of crime in the province was registering an upward trend for quite some time, the complacency displayed by the authorities in the matter was really surprising. Those responsible for peace and public order in Sind have tended to view the dacoities, kidnapping and murders as sporadic and individual cases attributing them to social and economic factors and the availability of sophisticated weapons. What could never be satisfactorily explained was how matters could come to such a pass under a martial law set up which has all the means at its disposal to use the most severe measures in enforcing respect for the law and which need not be deterred in such an effort by constitutional restraints or the punctilio about using only as much force as is absolutely necessary. And yet one notes a certain pattern in the wave of killings, lootings and kidnappings that has gripped Sind during the past few months. The President has spoken of activities of lawlessness being carried out under a well-thought-out plan and has pointed out that social

factors alone are not responsible for such a situation. One notes an emerging trend whereby members of the local administration are systematically being made targets of attack. The same day as the President made his remarks, reports came in of the killing of four policemen, including an SHO, while on patrol, in a dacoit ambush in Nawabshah district. And this is only the latest in a series of incidents in which an ASP too has lost his life.

The President has also expressed the view that "a lot of politics" was involved in the lawlessness in Sind, though he ruled out the possibility of a foreign hand or political party being behind the incidents. In view of the clampdown on politics and the ban on the reporting of the activities and statements of political leaders, it is difficult to assess which particular political element could be instigating the lawlessness in Sind. But it is certain that the use of criminal elements and tactics, such as kidnapping for ransom, can in no way be supported as part of a legitimate political struggle, whatever its objectives. The very elements that today are turning their guns against the authorities have, in the not so

distant past, turned them against innocent citizens and have terrorised entire village populations. Their conversion into political partisans cannot succeed in whitewashing their gory past. If there are political groups using these elements for their own ends, they are more likely to have this fact rebound on them. Yet the authorities cannot absolve themselves either of the responsibility for the emergence of this phenomenon. It is well-recognised that when the avenues for the articulation of genuine grievances are closed in the absence of representative institutions and guarantees of freedom of expression and association, recourse to a strategy of terror, however misguided, may appear to some excitable and desperate people to be a permissible alternative strategy for political struggle. In such a situation, it is important that the Government works to eliminate lawlessness not simply by intensifying police action. A broader approach that takes into consideration the political dimension of the problem and the need for freedom of expression and freedom of association is clearly indicated.

CSO: 4660/602

LETTER STATES CASE AGAINST QADIANIS

Islamabad THE MUSLIM in English 27 May 84 p 4

[Letter to editor by Sarafaz Hussain appearing in the "Forum" column]

[Text] THE IMPOSITION of severe restrictions on Qadianis after a lapse of 37 years is by no means adequate compensation for the loss which has been sustained by the Muslim Ummah at the hands of this sect. The manner in which this decision has been made clearly shows an element of "haste" which is likely to fall short of the objective.

The Qadiani issued at this stage cannot be localised with "half baked" restrictions confined to the geographical boundaries of Pakistan and to a few Muslim countries. Qadianis have well organised disciplined institutions all over the world; these are utterly pre-Western in nature and in return receive political, moral and material support from international Capitalism and Imperialism. To counter their philosophy, a demonstration of hatred, application of force, empty slogans or emotional thinking will not serve any useful purpose. There is a need that the ulema and religious scholars should forget their differences to establish identical organisations within and outside Pakistan to counter Qadiani propaganda and to reveal facts as an antidote to those who, due to their lack of knowledge or because of exploitation, have fallen prey to Qadiani thinking. It was as a result of clashes with Qadianis that we first experienced Martial Law in the early 50's in certain areas of Punjab. Since then the gulf of differences is widening with the passage of time.

Why has this serious issue, which has threatened national integrity and solidarity, not been resolved so far? To answer this question one has to view this issue in the overall perspective of its origin.

After the uprising of 1857, British colonialism was threatened by the spirit of the Muslim freedom fighters. To counter this spirit, the necessity of a new faith within the Islamic perimeter was inevitable for the survival of British rule in the sub-continent. It was under this "doctrine of necessity" that the Qadiani faith was introduced by British Imperialism to divide the Muslim Ummah on their rich Islamic values, particularly the "Jihad" for which Mirza Ghulam Ahmad and his followers were provided with necessary organisation and all sorts of legal, moral and material support to undertake this adventure.

After Partition, the Qadianis shifted their power base from Qadian, a place in Indian Punjab, to Rabwah near Sargodha. Rabwah under the strange circumstances enjoyed a special status like the Vatican. It was a "state" within the state, with strong links with Imperialism and "special" links with Zionism. All planning, coordination and controlling of Qadiani activities is done from Rabwah. No government has ever checked these activities.

As part of their doctrine, Qadianis penetrated the Muslim rank and file by confusing innocent minds through their subversive literature and anti-Islamic "Tableegh" with an artful exploitation of human weaknesses. When Pakistan in her initial days of independence was striving hard for her existence and survival, Qadianis, with the help of the "invisible hands" of imperialism and neocolonialism, were making deep thrusts into the bureaucracy, Armed Forces, and other official and semi-official institutions. After having captured a number of key posts in these institutions, they converted or attempted to convert their "subordinates" to Qadianis. It was not an individual act. It was not a purely religious matter between God and man and certainly not in line with Quaid-e-Azam's framework. It was a planned, collective "shudhi" like move, an aggression, exploitation and a religious assimilation. The advocates of secularism or "broad-minded democratic regimes" did not take any notice of such aggressive designs. As a result Qadianis got a free hand to indoctrinate the general masses through extensive use of "carrot and stick" methods. They enjoyed tremendous political influence to defeat any move and punished any person or organisation that worked against their wishes and designs.

Pakistan Foreign Office, at least for the first decade and a half, had predominantly Qadiani officials or their well-wishers. They designed a foreign policy in accordance with the line of the capitalists and imperialists. It was the Qadiani lobby that threw Pakistan into the lap of US imperialism. The curse of American aid, SEATO and CENTO were the main events of their policy which was specially designed to prevent Pakistan from cultivating and maintaining friendly relations with socialist countries, particularly with socialist countries, particularly the Soviet Union. The economic policies of the Qadiani-controlled bureaucracy were so unevenly evolved that the population of former Eastern wing developed a "sense of deprivation".

Rabwah's links with Israel are no more a secret. There is one Qadiani mission working in Tel Aviv. Hundreds of Qadianis have become members of Israeli armed forces. Their activities raised serious doubts against Pakistani sincerity in its support of the Arab cause and for a Palestinian homeland. It was under these circumstances that Bhutto in 1974, declared them as "non-Muslims". But it was a half-hearted provision which was made in the constitution with no "arm" to check the anti-state and anti-Islamic activities of Qadianis.

The circumstances under which the All Pakistan Khatm-e-Nabuwat Conference was held in Rawalpindi and the timings of the promulgation of the Anti-Qadiani Ordinance 1984 is not just a coincidence. Observers believe that the Islamisation process in Pakistan cannot be completed by an unelected regime. It was, probably, this mounting pressure which forced Ziaul Haq to promulgate the Ordinance a day earlier to the Conference. However, whether the resolutions of the Khatm-e-Nabuwat Conference and the Presidential Ordinance will curb the Qadiani activities remains to be seen.

1984-1985 BUDGET: TARGETS SAID HARD TO ACHIEVE

Karachi DAWN in English 26 May 84 Business Supplement pp I, IV

[Article by M. Ziauddin: "Making Do with the Hardship Scenario"]

[Text]

EXPANDING current needs and additional pressure from an accelerated rate of inflation are said to be making it rather difficult for the budget makers to keep the 1984-85 current expenditure budget within the limits of available resources which are not likely to be beefed up with any significant amounts of additional taxation.

Estimates for current expenditure for the next year are reported to have exceeded Rs 70 billion against the current year's estimate of over Rs 57 billion.

With the projected requirement of ADP for next year estimated at Rs. 36.4 billion the total ideal outlay for the 1984-85 budget is calculated to be something like Rs. 106 billion against the current year's Rs. 88.28 billion.

Four heads

The major pressure on current expenditure is once again expected from defence, debt servicing, administration and subsidies. These four heads among them are reportedly demanding about Rs 60 billion.

But these estimates are said to be about Rs. 16 billion off the estimated revenue income mark.

Since new taxation measures are expected to be kept at the minimal for the next year, income from in-

ternal resources is not likely to go much beyond Rs. 70 billion against Rs 63.2 billion budgeted for the current year.

On the other hand, finances from external resources are expected to move up from this year's estimated Rs 16.7 billion to Rs 20 billion in view of the accumulation of a substantial amount in the aid pipeline and the promise of the donors to expedite disbursement.

With only about Rs 90 billion of total estimated resources, it is hardly possible, according to independent economic experts, for the budget makers to finalise a Rs. 106 billion total budget.

Inflation rate

The job of the budget makers is said to have been made doubly difficult by the self-imposed requirement of keeping the rate of inflation within reasonable bounds during the election year.

According to one estimate this can be possible only if deficit financing is kept at as low as around Rs 6 billion against this year's budgeted Rs 8 billion which according to unofficial calculations has already touched Rs 9 billion.

These difficulties are already said to have forced the Planning Commission to keep the Federal ADP for next year at about the same level as the current year's which is estimated to be about Rs 24 billion. And with promised 30 per cent increase in the provincial ADPs the total ADP is expected to be somewhere between Rs 33 to Rs

34 billion.

This would leave about Rs 56 to Rs 57 billion for the current expenditure, from the total estimated resources available. But since defence, debt servicing, administration and subsidies alone are said to be demanding about Rs 60 billion with community services, social services and economic services expecting at least the level of allocation budgeted for the current year the need to effect drastic cuts appears to be inevitable.

However, even with some cuts the expenditure on defence and debt servicing is not expected to be anything less than Rs 50 billion against the current year's Rs 41.6 billion.

Allocation for subsidies is expected to go up from the current year's estimated Rs. 1.9 billion to about Rs 2.2 billion, whereas general administration is expected to get not less than Rs 4 billion compared to this year's allocation of Rs 3.5 billion. Law and order and grants to provinces and local bodies also need something more than what these were allocated for the current year.

If deficit financing of about Rs 6 billion is resorted to in the next year the community, social and economic services heads will not get more than a thin treatment.

But this is hardship scenario and Pakistan's Finance Ministry never likes to work with a hardship scenario, experts said.

The alternative, according to independent economic experts, is to further squeeze the available sources such as customs and income tax, including corporate tax and mix it with some significant withdrawals of export rebates.

But the government is reported to have already promised the external donors to reduce tariffs and has accepted in return about 150 to 200 million dollars for covering the expected shortfall in the revenue. This is expected to be done in the name of import liberalisation which the donors have been demanding for some time.

It is also being felt in the official circles that any further increase in import tariffs would affect the total imports adversely thus reducing income from this source, instead of increasing.

Corporate tax

Some officials have already talked about the need to reduce corporate tax from the present 60 per cent to 40 to 45 per cent. In view of this, it is hardly likely that revenue collectors would do more than march out the evaders in this connection.

Similarly, the income tax slabs, it is felt, need further correction in favour of the middle income salary earners. So again, efforts in this regard are expected to be aimed mainly at curbing evasion.

So, even if election considerations are ignored, the Finance Ministry has very little choice.

It is probable that while the books would show estimated deficit financing of about Rs 6 billion, the actual monetary expansion by the end of 1984-85 might be somewhere near Rs 11 billion.

While this gimmick would give the needed elbow room for the Finance Ministry, its impact on rate of inflation would be enormous.

Prices

It is possible, experts said, that the Finance Ministry after all might decide to take the gamble despite the promised elections. In their opinion the general public has come to expect the prices to increase substantially with successive budgets. More so since they have had the bad experience of believing those who had said in an earlier election year that they could bring down the prices to the level of 1970.

While the Finance Ministry's appetite for more revenues might lure it into going for a large dose of deficit financing, experts said, those who are seeking political and economic continuity might decide to go by the rules of the game at least for the next year.

In their opinion, once a mandate of sorts is bagged, it would not be difficult for the government to mobilise the revenues it required from 1985-86 onwards.

In fact, independent economic experts expect 1984-85 to be the year of consolidation of what is claimed to have been achieved since 1977-78. And the next stage of the economic plans would be launched, they said in 1985-86. Therefore, they feel that the Finance Ministry would be asked, after all to make do with the hardship scenario for the next year.

1984-1985 BUDGET: PRIVATE SECTOR'S HOPES, FEARS DISCUSSED

Karachi DAWN in English 19 May 84 Business Supplement p III

[Article by Tufail Ahmed Khan]

[Text]

NOW when almost all the chambers and associations of commerce and industry, including their apex body (FPCC&I) have already furnished to the government their pre-Budget proposals and suggestions in the context of the Federal Budget for 1984-85, it is possible to ascertain the private sector's hopes and fears in regard to the implementation of the Sixth Five-Year Plan.

Stock Exchanges have also furnished their recommendations to the Government.

The Sixth Plan envisages industrial investment to the tune of Rs. 82.5 billion of which the lion's share, Rs. 62 billion, has been allocated to the private sector, leaving only Rs. 20.5 billion or 25% of the total for public sector. Nay, it has been correctly pointed out in the proposals prepared by the FPCC&I (Federation of Pakistan Chambers of Commerce and Industry) that the private sector has also to invest Rs. 22 billion which is the left-over from the failure of the targets of the Fifth Plan, although that might already have been incorporated in the Sixth Plan.

Apprehension

The private sector has expressed in its representations to the government a feeling of suspense and apprehension, because of the vast

magnitude of the task particularly when the first year of the Sixth Plan has almost already elapsed and that first year has been full of misfortunes in the field of agriculture, our main industry, which are bound to affect investment in manufacturing adversely.

However, the private sector is still optimistic about the implementation of the Sixth Plan provided the government fulfills two conditions:-

i) Effective reduction in *direct taxes* combined with the removal of anomalies in *indirect taxes* and their reform.

ii) Luring of 'home remittances' into industrial investment through incentives, instead of relying too much on foreign investment which in the considered opinion of the private sector will not come in a big way. The fields identified by U.S. OPIC are still awaiting concrete measures. On the other hand, FPCC&I points out, the overseas Pakistanis have remitted as much as three billion U.S. dollars in 1983-84, and expresses the belief that investment to the order of Rs. 62 billion can be lured to Pakistan from them in the remaining four years.

Taxation

The private sector is of the unanimous view that the effective rate of tax in Pakistan is very high compared with international standards — the income tax rate at the maximum being 60% for individuals, 55% for companies and 65% for banks. In the opinion of the private

sector the taxation rate must be reduced to 35 per cent at the maximum, both personal and corporate. If it is for five years it will not form capital, impart stability, lure remittances into investment but also lead to evasion of tax.

The private sector believes that if incentives are attractive enough overseas Pakistanis can be enticed to withdraw their deposits from Euro-dollar and other foreign avenues and remit them to Pakistan. Incentives should be: reducing corporate tax to 35% maximum, abolition of income tax on remittances, permission for gifting remittances to anyone, and tax holiday for remittances if invested.

On the direct tax side the other unanimous recommendation of the private sector is: abolition of the anomaly of wealth tax which after the promulgation of Zakat has become redundant even from the Islamic point of view. The general view is that this grave anomaly only expresses the bureaucratic greed for money.

Further, self-assessment should be made real; at present it has failed to restore confidence between the assessee and the tax collector. The period within which a case of self-assessment can be reopened should be reduced from the existing 10 years to 3 years and the level at which it can be ordered to be reopened should not be below Commissioner or Regional Commissioner.

Partnership Firms

The gross injustice of taxing twice the partners of a registered firm should be done away with. At present the income of the partner is taxed in the hands of the firm and again in the hands of the partner. He has also been subjected to super tax and the slabs constitute unbearable hardship.

If double taxation cannot be abolished altogether the slabs must be reformed to avoid break-up of partnership firms. It may be recalled that partnership makes functioning of private business more resourceful and more efficient. So is the case with dividend income: a clear case of double taxation, once in the hands of the company and again in the hands of dividend-earner. The tax in the hands of the individual dividend-earner must be abolished.

Previously investment allowance was deducted straightaway from the total income, which was so simple and entailed no procedures. In 1979-80, it came under rebate which only brought in bureaucratic procedures and corruption. It reduced the private resources for investment. The private sector has emphasised restoration of the previous system.

Tax Credit

The condition for a company

qualifying itself for tax credit ordained through the current budget has been criticised by the private sector: extension of an existing undertaking qualifies only if the undertaking is located in an area other than Karachi, Hyderabad, Faisalabad and Lahore. This only means that the sick units at these places are deprived of the incentive to extend, balance and modernise themselves.

Further, only companies shall be eligible for the tax credit; firms are disqualified. This new tax provi-

sion is obviously a disincentive for investment. Further, in the absence of infrastructure the tax credit in backward areas has failed to create the desired result.

For the current fiscal year the minimum taxable limit of income tax has been raised to Rs. 18,000 (eighteen thousand per annum). But even the officially compiled cost of living index makes it meaningless. The rupee devaluation against all the currencies in the 'basket' after the rupee floatation, higher prices of all necessities of life due to increased duties and taxes, deficit financing beyond even the officially envisaged limit and all other factors clearly point to the necessity that those with fixed income (salaried classes) must be provided with further relief of their purchasing power is not to be lowered to the detriment of production. The minimum taxable limit should be revised upward to Rs. 25,000.

The proposal, furnished by FPCC&I basing itself on the general opinion of all chambers and associations of commerce and industry correctly point out that administrative measures have failed to prevent smuggling. On the other hand the number of *baras* in towns and cities has been multiplying against our own products, thus discouraging domestic investment.

In the opinion of the private sector, to prevent smuggling the government should also adopt the fiscal measure to reduce the import duty and sales tax on all those items which are smuggled or are likely to be smuggled. This will indeed be a big incentive for private industrial investment.

The private sector has also made concrete suggestions in relation to the other two, pillars of our all-pervading direct taxes: wealth tax and gift tax.

The private sector holds the view that under the Islamisation programme both wealth tax and gift tax need to be abolished. They hold a two-fold argument against wealth tax: (i) Zakat cannot be levied on immoveable property, therefore, wealth tax is not leviable on immoveable property (ii) Wealth tax itself duplicates with Zakat.

FPCC&I's proposals which evidently reflect the opinion of the private sector as a whole point out to the heavy tax burden on immoveable property and the harsh manner in which it is extorted.

First of all the burdensome nature of the taxed and charges which are a serious disincentive to investment in construction: 33% property tax by the province, 25% of annual rent as wealth tax, a 10% "betterment" tax on commercial property, usual income tax, property insurance and several other charges, clubbing of immoveable properties belonging to husband, wife and minor children notwithstanding Islam's recognition of individual ownership of property, clubbing of joint ownership of one immoveable property are the other two injustices.

Dormant law

In 1980 wealth tax was also imposed on such firms and limited companies as are engaged in construction by amending a dormant law. Agencies engaged in the sale or letting out of immoveable property were also not spared, creating complications for hotels and motels and a serious disincentive against tourist trade.

Nor is there self-assessment in the case of wealth tax despite statutory provision to that effect. There are anomalies, overlappings and instances of double taxation by the province and the centre in connection with gift tax on immoveable property.

In view of the phenomenal rise in construction costs the upper limit of tax on the immoveable property requires to be raised substantially. This kind of tax structure only reveals the insatiable greed for money at the cost of the country's development.

The wide credibility gap that yawns between the government and the tax payer is evidenced by the ugly fact that the solemn agreement of 4th June 1981 between the 'Hotels Association' and CBR regarding wealth tax remains on paper only.

Such are the views of the private sector as a whole about wealth tax and gift tax.

Coming to indirect taxes the representations made by the organisations of the private sector have pointed out numerous anomalies.

Briefly these are:

Import duty is the biggest single source of income for the Federal exchequer. But its greater "significance" is that more imports are a great help to the developed *SETH* (rich) countries in these days of

continued recession. FPCC&I's proposals have pointed out several glaring anomalies.

These are: UNESCO's Florence Agreement to which our government is a party is flouted by restrictions, duties, taxes and surcharges. Even small computers valued at less than \$10,000 are subjected to duty and sales tax.

Tied lists are applied also to industrial consumers irrespective of the consideration that the needed material is not available under the list. Import of printing paper is subjected to duty but the printed material is duty free; thus we hand over to foreigners an important sector of employment.

If BMR machinery for pharmaceutical industry is imported to be installed in a "government approved industrial estate" it has to pay concessional duty. But if it is to be installed in an outlying place, may be near some herbal plantation or where medicinal herbs grow naturally and abundantly, it has to pay duty.

Among towels we do not rebate the export of some varieties. This is in unison with the U.S. policy to discourage our towel export. Iron and steel and their manufactures, basic to any development, are to pay import duty exorbitantly although our own Steel Mills is yet to produce enough billets. Finished leather is a rising export but tanning machine parts are subjected to high duties.

Also wet blue leather is subjected to 10% sales tax, so finishing of leather for export is hindered.

Load-shedding in electricity has gravely affected our industry in 1983 as evidenced by almost all company reports. Yet only a limited number of industrial units have been allowed to have the benefit of duty and sales tax free import of generators of 650 KVA and above for industrial use, although in view of the worsening electricity situation in the country such import should be made common to all producers if adequate investment is aimed at under the 6th Plan.

Some customs anomalies have been pointed out to exist also in the import of materials for the export-oriented textile industry and the paint industry. Excise duty was imposed by the British to prevent industrialisation in the sub-continent but the private sector has not picked up the courage to advocate its total abolition.

FPCC&I has favoured whole-sale conversion of import duty from ad valorem basis to weight basis.

Manufacturing of metal containers presents a glaring example of the reactionary nature of indirect taxation on our industry: 10% excise, 12.50% sales tax and 70% custom duty on tin plates. Thus metal packaging just cannot compete with plastic packaging, which pays no excise, to the benefit of a foreign industry. To encourage a local industry, manufacturing of tin containers (e.g. for powdered milk) richly deserves not only removal of excise but also deserves 100% custom duty drawbacks on tin plates. Further, tin packaging of powdered milk should be free both of excise and sales tax.

Central excise on hotel services and utilities including catering supplies, is a positive discouragement to tourist industry which has a big potentiality for earning foreign exchange. Our hotels and restaurants should be as cheap as possible. They should be exempted from excise.

Detergents

Laundry soap and detergents are a rising export. But sales tax at 7½ per cent on an essential ingredient, sodium silicate, reduces their competitiveness in the export market. There is a great deal of evasion due to corruption. Why not abolish the sales tax not only to end an immoral practice but to promote the export of washing soap and detergents?

It is a correct advice by private sector that instead of increasing the tax burden government should finance its projects through earnings retained by Corporations concerned or with borrowings from the financial market.

As for energy it has correctly advocated duty-free import of photovoltaic cells and also to free these imports from sales tax to utilise solar energy. Its emphasis on investment in coal mining for its large scale development to meet energy shortage with an indigenous resource, is also in the right direction.

However, two important things are conspicuous by their absence in the private sector's recommendations.

(1) Support for nuclear energy development for economic purpo-

ses, notwithstanding that it has to be in the public sector. And, secondly, drastic reduction in unproductive budgetary expenditure which has been multiplying fast during the last few years at the expense of economy and its development.

FPCC&I's memo only says that the existing tax system is responsible for channelling funds into unproductive fields. One would wish the private sector to pinpoint aspects of unnecessary expansion of government administration and proliferation of public sector corporations, to inform the general public about unproductive expenditure.

However, FPCC&I's proposals do express the apprehension that the tax burden may be increased in 1984-85 Budget to finance many public sector projects under the 6th Plan. That will undoubtedly increase the distress of the private sector and through it, the common man.

CSO: 4600/592

1984-1985 BUDGET: INDUSTRY SPOKESMAN INTERVIEWED

Karachi DAWN in English 19 May 84 Business Supplement pp I, IV

[Article by Babar Ayaz]

[Text]

WHILE the 1983-84 budget is being knocked-together behind the closed doors in Islamabad, the private sector is apprehensive that any experimentation at this stage will throw a spanner into the wheel of a "vigorous economy" and is hoping for a routine budget.

"Our apprehensions are not unfounded. Baffled by the cotton crop failure, the yarn exporters were denied the refinance facility a few months back which indicates the direction of the things to come", said the President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Mr. Saifullah Khan Paracha in an exclusive interview to Dawn Economic

Business Review.

The private sector's fears about the forthcoming budget stem from the fact that the first year of the Sixth Plan lagged much behind the targets. But they are not prepared to share the responsibility for the debacle.

"We will not accept any accountability for not meeting the envisaged Sixth Plan targets in the first year (1983-84) Mr. Paracha declared at the very outset.

A four-year plan?

"Since the planners failed to give us investment schedule, industrial and labour policy in time it would be wise to either extend the Plan period by one year or to revise the targets downwards to suit four-year planning," the FPCCI President suggested.

However, he still believes that the 5 per cent growth in the GNP, during the current year, despite the cotton crop failure and wheat production falling short of target" shows the vigour of our economy," which should not be disturbed.

Mr. Paracha feels that the momentum of the "economy locomotive" will be disturbed if the budget makers resort to increasing the burden of taxes on the "already groaning organised sector".

The private sector dreads the threat of "rationalisation", which according to the FPCCI pre-budget memorandum is an euphemism for increases. "The tendency to use the so-called weapon of rationalisation, therefore, needs to be guarded against if investors are not to be thrown off-balance", warns the memorandum.

The FPCCI Chief, who is expecting the introduction of "a new concept of taxation" with the next budget is not in favour of disturbing the present course of the economy.

Being a member of the Economic Advisory Committee also, Mr. Paracha feels that the 1984-85 budget will raise utilities' charges.

Corporate Tax

However, that does not mean that the FPCCI has nothing to demand. "The private sector, Mr. Paracha says can only meet the Rs. 62 billion industrial investment target in the Sixth Plan period if the required incentives are provided.

Not discouraged by the negative reply of the CBR chief a few months back, the FPCCI president reiterates that corporate tax should be reduced from 60 per cent to 35 per cent.

To bridge the gap, which will occur from this outright reduction in government revenue, he suggests "other sources of revenue" without being specific.

The FPCCI Chief is not willing to "enter into the controversy" of demanding tax on agricultural income as an alternate for reduction in corporate tax and for broadening the tax base.

"We don't want to raise this issue of agricultural income tax as our interests are not conflicting with the agriculture sector," Mr. Paracha explained. "On the contrary, we demand that the government should lift ceiling on land holdings for corporate farming," he said.

However, he is conscious of the fact that the government may try to

compensate for the revenue loss, if corporate tax is reduced, by increasing other indirect taxes. "True the increase in taxes like import and excise duty may raise the prices," he said "but the reduction in corporate tax will translate into more investment and higher production which will in long term increase supply and bring down the prices, he argued.

Investments

Since his deductions were based on the classical economic principles, he did not agree that prices have not much to do with the supply position these days, as they are determined more on the basis of purchasing power of the consumer.

Mr. Paracha is confident that the private sector is capable of generating Rs. 62 billion industrial investment during the Sixth Plan period provided a package of incentives is given by the government.

"To lure the capital," he thinks "all remittances from abroad through the normal banking channel should be free from income tax and no questions about the source of such income should be asked.

Remittances

He believes that there would be massive inflow of capital from abroad if the remittances are allowed to be gifted to any person through the banks.

The Federation Chief is of the

view that many people who are earning abroad and are maintaining Euro-dollar accounts will transfer money to Pakistan if the tax relief are extended to them.

He quoted the FPCCI memorandum in this regard: "There should be a five-years tax holiday

on the money remitted from abroad if invested in any old or new industrial undertaking or invested in the purchase of shares quoted at the stock exchange."

Though, usually only five to ten per cent of the trade bodies' pre-budget proposals are accepted by the government, the FPCC&I Chief is optimistic about the proposals this time, because he feels that the concerned ministries have been more responsive to the private sec-

tor this year."

However, he agreed that there is nothing much that private sector can do even if the proposals are turned down but to cooperate under the existing conditions.

Mr. Paracha, who by virtue of his office is the Chief spokesman of the private sector, asserted that there was no flight of capital from the country, "on the contrary it is flowing in".

Black Money

He pointed out that it was more expensive to send the black money abroad and then to bring it in for the purpose of laundering than adopting the prize bonds and bearer units methods.

As a down-to-earth businessmen, Mr. Paracha thinks that fiscal and monetary policy managers are not supposed to be moralists. "When the government is already tolerating circulation of black money and has devised tools like prize bonds and bearer units for syphoning off the dirty money from rotation, any discussion on this issue is to cut off one's nose to spite one's face," he observed.

One Window

He is hopeful that the coming budget will also include the formation of the Federal Investment Promotion Board (FIPB) as a part of the deregulation package. "It would be a leap towards streamlining the sanctioning procedure. "The proposal of FIPB was acceded to by President Zia ul Haq himself," he added.

Now that the government has passed the 80 per cent of industrial investment on to the private sector in the Sixth Plan, Mr. Paracha insists that they should be given concessions and incentives which industries in Hong Kong and South Korea were given years back when they started industrialisation.

Smuggling

The FPCC&I President is worried about growing smuggling of goods which, he warned, was a threat for the local industry. "Look how the smuggling of tyres is ruining the local industry", he pointed out.

Mr. Paracha suggested that the government should not auction the confiscated smuggled goods in the local market. "Such auction is the permit to sell smuggled goods" he

said grimly. "The marketing of smuggled goods cannot be stopped as the shopkeepers show items in the stock to have been purchased from the auction," he explained.

Saver or Loser

Otherwise optimistic, Mr. Paracha sees no silver lining when it comes to raising the domestic saving rate. "The rate of return on savings are negative after providing for 2½ per cent zakat deduction and annual inflation", he elaborated agreeing that in the ultimate analyses the savers with banks are net losers.

Missing infrastructure

Asked how the private sector will cope with the problem of inadequate infrastructural facilities, he said that industrial growth has out-paced development of these utilities.

However, Mr. Paracha is confident that the private sector has the potential for making its own arrangements if the government is willing to provide incentives. "After all, we did it in the Liaquat and Nazimuddin era, he recalled.

Mr. Paracha, who was Senior

Minister in Baluchistan PPP Government, feels that holding of elections during the next financial year will not hamper the investment climate.

About the attitude of the future governments, Mr. Paracha said that the success of the present private sector oriented economic policies has the clear message for the coming government as to what is beneficial for the country.

CSO: 4600/592

SIND LAWLESSNESS TERMED 'LOOMING SPECTER'

Islamabad THE MUSLIM in English 27 May 84 p 4

[Editorial: "The Looming Spectre of Lawlessness"]

[Text] PRESIDENT Ziaul Haq has taken cognisance of the deterioration in the law and order situation in the country. Talking to the Press on Thursday, he said that though in almost every province some trouble of the sort was being experienced, the law and order situation in the province of Sind warranted some concern. He attributed political motives to the incidents of dacoity and kidnapping and did not regard them as an expression of the moral degradation of the people. The President reaffirmed his Government's resolve that no effort would be spared to ensure full protection of the lives, property and honour of the people.

Though it is satisfying that the gravity of the situation has been registered at the highest level and assurance to remedy things has been given, the fact remains that the intensity of lawlessness in the province of Sind is alarming. An unprecedented spurt of robberies, kidnappings and armed encounters with police have created a situation of fear and helplessness among the citizens. The armed gangs of dacoits appear to have become more and more daring and the efforts made so far to contain them seem hopelessly inadequate. A new dimension of the reign of terror unleashed by the desperados is their tendency to confront the law enforcing agencies and to engage them in armed encounters. In recent weeks three incidents of armed combat have been reported in which several policemen were slain. The epidemic seems to be spreading to other provinces as well; on Friday an armed gang is reported to have robbed women passengers on a train running between Faisalabad and Lahore.

In our country there is no dearth of people who advocate harsh punitive measures to curb crime and if lashing wouldn't do, they would ask for more stringent punishments. We have often been told that lawlessness is the product of weak and vacillating governments; the governments run by politicians are prone to inefficiency and indecision. But martial law regime has no constraints of dependence on a slow-moving administrative machinery nor any desperate necessity to appease an electoral constituency. One therefore, expects a more diligent performance by the police authorities under such a setup. It seems that the Police authorities in Sind do not have either the will or the capacity to deal with the situation. One cannot summarily dismiss the accusations

that some disgruntled policemen have also been inducted into the gangs of robbers and in some cases the dacoities were committed with the connivance of the local police. In any case the credibility of the police assistance has declined so low that the relatives of the hostages prefer to pay the ransom money than to seek its support.

The law and order situation in Sind is not merely a question of strict enforcement of law and improving the efficiency of the police force; it has a wider perspective also. Though the President has said that it is not a manifestation of the moral degradation of the people, one cannot overlook the fact that for the last seven years we are supposed to be going through a process of Islamisation which should have curbed, not encouraged, crime. How do we expect our people to have faith in an endeavour that does not guarantee them security of life and honour? Our commitment to ensure the protection of "chaddar" and "chardiwari" would no longer be meaningful if such chaotic conditions were allowed to persist and a handful of criminals permitted to play havoc with the lives of citizens. A continuation of this situation would not only impel the people to distrust the institutions created for their well being but would also create a moral crisis--a growing disbelief in the ideals which we have been so earnestly trying to inculcate.

CSO: 4600/604

PLANS FOR GASOLINE DISTRIBUTION DISCUSSED

Islamabad THE MUSLIM in English 27 May 84 p 6

[Text] KARACHI, May 26: The Pakistan State Oil Company (PSO) in collaboration with the National Refinery Ltd, has made special arrangements for manufacturing additional quota of motor gasoline by Blending High Octain Compound (HOBC), with locally available neptha, said PSO press release.

The same has been done with a view to replenish the existing stock of motor gasoline and to avoid inconvenience to the motoring public in the four provinces.

For this purpose, additional quantity of HOBC has already been imported and the blending process started, at PSO's Kemari terminal from Friday.

A spokesman of PSO said here that during the past two months, PSO has supplied gasoline to the two foreign distributing companies, namely, Pakistan Burma Shell and CALTEX on hospitality basis to overcome alleged shortage of gasoline at their filling stations under a directive of the Ministry of Petroleum and Natural Resources. On the intervention of ministry, the provincial government have directed all Deputy Commissioners in their jurisdiction to see that no shortage occurs and pumps of PBS and CALTEX are made to take their supply from PSO bulk depots. The Deputy Commissioners have been authorised to take suitable action against such petrol dealers who deliberately create shortages by shutting their pumps.

These shortages, he pointed out are not justified at all even during the closure of Pakistan Refinery Ltd, for a period of 19 days for annual shut down in the month of May 1984 as sufficient stocks are available. Processing of additional quantity of gasoline will not only enhance the existing stocks of gasoline but may with the blending at PSO terminal result in surplus of gasoline during the month of June 1984. The question of gasoline being in short supply, therefore, does not arise at this stage, the spokesman added.

Further PSO is planning to develop more retail outlets throughout the country for better distribution of motor gasoline in the coming financial year. The PSO product supply from national refinery is a marketing agreements. Similar marketing agreements have been made by PBS and CALTEX with the Pakistan-Refinery Ltd. The present alleged shortages can be attributed to the non-development and lack of investment by foreign oil distributing companies in the refining sector.

STEEL MILLS SAID 'READY TO TAKE OFF'

Islamabad THE MUSLIM in English 27 May 84 p 8

[Article by Ashraf Hashmi]

[Text]

ISLAMABAD, May 26. The Pakistan Steel Mills expects to go into full production cycle within a period of 24 months after its completion in August this year, as against the six years' time envisaged by the Soviet designers, Mills Chairman H.N. Akhtar told 'The Muslim' here today.

Another pleasant surprise for the Soviet designers, Mr. Akhtar added, was the success of the management in reducing the cost of pig iron. As against the original estimate of 517 Kilos of coke for producing one ton of pig iron, the Mill would be producing the same quantity with only 470 kilogrammes of coke.

The Steel Mills - Pakistan's biggest project worth Rs. 25 billion will be taking off finally in August this year with the commissioning of its cold rolling unit, the last in the huge complex.

These achievements, he said, were possible only due to the dedication and hard work put in by the Pakistani workers and engineers.

He said the second blast furnace and the coke oven battery, which was completed in 1982, would also be commissioned on July 15 and by September this year would run in full operation, enabling the mill to

achieve half of its total production capacity of one million tonnes.

The PSM Chairman said that with the expected commissioning of 27 downstream engineering industries during the Sixth Plan period, the mill will have to increase its production capacity to meet the new demand.

The proposed expansion, he said, would cost much less than the money spent on the construction of the Mill because of the availability of the infrastructure. He said a number of these downstream industrial units have started coming up and five of them were in the final phases of execution. The rest were being processed and the new industrial schedule currently being finalised by the government would further stimulate this process.

Mr. Akhtar, who is currently here in connection with the International Iron and Steel Seminar organised by the UNIDO and hosted by Pakistan Steel, said that the final session of the Seminar will be held

tomorrow in Lahore to finalise its recommendations and report in the light of the discussions spread over five sessions held in Karachi this week. He said Pakistan Steel is proud of hosting this international gathering attended by more than 26 developed and developing countries.

Mr. Akhtar said five sessions of the Seminar were held in Pakistan Steel at Karachi from May 20 to 25 and the concluding session is now being held in Lahore tomorrow. He said a number of papers were read during the Seminar and in-depth discussions took place on various subjects relating to steel technology in the developing countries. The Seminar he added, has provided an opportunity of sharing mutual experiences which, he said, was very useful for the participants.

CSO: 4600/604

ORDINANCE PROVIDING DEATH FOR CRIME AGAINST WOMEN ISSUED

Karachi DAWN in English 4 Jun 84 p 1

[Text] ISLAMABAD, June 3: President General Mohammad Zia-ul-Haq today promulgated an ordinance which provides death sentence or life imprisonment for a person who assaults or uses criminal force to a woman to strip her naked and, in that conditions, exposes her to public.

The ordinance called the Criminal Law (Amendment) Ordinance, 1984, shall come into force at once.

The following is the text of the ordinance:

Ordinance No XXIV of 1984:

An ordinance further to amend the Pakistan Penal Code and the Code of Criminal Procedure, 1898.

Whereas it is expedient further to amend the Pakistan Penal Code (Act XLV of 1860), and the Code of Criminal Procedure, 1898 (Act V of 1898), for the purposes hereinafter appearing:

And whereas the President is satisfied that circumstances exist which render it necessary to take immediate action:

Now, therefore, in pursuance of the proclamation of the fifth day of July, 1977, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following ordinance:

1. Short title and commencement by this ordinance may be called the Criminal Law (Amendment) Ordinance, 1984.

(2) It shall come into force at once.

2. Insertion of new section 354 A, Act XLV of 1860: In the Pakistan Penal Code (Act SLV of 1860), after section 354, the following new section shall be inserted, namely:

"354 A assault or use of criminal force to woman and stripping her of her clothes. Whoever assaults or uses criminal force to any woman and strips her of her clothes and, in that condition, exposes her to the public view, shall be punished with death or with imprisonment for life, and shall also be liable to fine".

3. Amendment of schedule II, Act V of 1898: In the Code of Criminal Procedure, 1898 (Act V of 1898), in schedule II, after the entries relating to section 354, the following entries shall be inserted; namely:

1	2	3
354A	Assault or use of criminal force to women and stripping her of her clothes	Ditto
4	5	6
Ditto	Not bail able	Ditto
	7	8
	Death or imprisonment for life, and fine	Court of sessions

CSO: 4600/603

MAJOR MASS LITERACY PLAN ANNOUNCED

Karachi DAWN in English 4 Jun 84 p 1

[Text]

LAHORE, June 3: The Literacy and Mass Education Commission has announced a four-year programme during which about seven million people will be given basic education in about 15,000 centres in the country. With the completion of the programme, the literacy rate is likely to go up from the present 26.2 per cent to about 50 per cent.

The Chairman of the Commission, Dr Abdul Rahim, told newsmen on Saturday that the Government had earmarked about Rs 750 million for the project in which UNESCO, UNICEF and the World Food Programme had shown interest.

He said the new adult literacy programme would be functional rather than formal. It would enable illiterate adults to read, write and comprehend.

Under the programme, afternoon literacy centres would be established in the existing schools, Kutchi Abadis, jails, industrial units, community centres and even on roadsides. Teachers, who would be paid an honorarium of Rs 300 a month, would be taken from regular schools and from among localities where the literacy centres would be established.

The condition of awarding degrees to graduates only after they had made one adult literate would become operative this year. The

Chairman said the basic purpose was to promote primary education for which special condensed and practical courses had been tailored.

Dr Rahim expressed concern at the inadequate literacy rate (26.2 per cent) and added that if the problem was not tackled properly, the illiteracy rate would rise.

He said Pakistan's expenditure on education was one of the lowest in the world. The current educational facilities were hardly sufficient.

As for its organisational set-up, the Commission is an autonomous body under the National Council for Literacy and Mass Education, headed by President Zia-ul-Haq, with the Ministers for Finance, Education and Local Government as members.

The Commission will also set up provincial literacy councils with resident directors.

The literacy programme will be coordinated with a number of Governmental and non-Governmental agencies and departments.

Although the literacy programme has been started from May this year, no centre has so far been established because a benchmark survey has to be carried out. The survey will be conducted with the help of the census organisation and field staff.

BRIEFS

SPECIAL ANTI-DACOITY FORCE--KARACHI, May 28: The training of the recently recruited anti-dacoity and anti-rioting special force, consisting of 300 policemen, is expected to start from 1st June in Hyderabad, Sukkur and Karachi divisions. It was disclosed in high-level meeting of IGP Sind with the senior police officials here. This force in the beginning will operate under the command of Sind constabulary police, but soon it will be organised into a separate force. It was also reportedly decided that check posts will be set up on the highways. The police, posted at the check posts, will be equipped with the latest weapons, including the wireless sets and the vans to check the movements of the dacoits. [Text] [Karachi DAWN in English 29 May 84 p 10]

SIX BARRED FROM NWFP--LAHORE, May 27: The NWFP Government has banned the entry of Malik Mohammad Qasim, Mian Mahmood Ali Kasuri, Mr Farooq Ahmad Leghari, Rao Abdur Rashid, Mr Pervaiz Saleh and Mian Khurshid Mahmood Kasuri for 15 days in the province. They were scheduled to leave for Peshawar on Sunday. The orders were served on them by the local police at their residences on Sunday. [Text] [Karachi DAWN in English 28 May 84 p 9]

ORDINANCE OF QADIANIS CHALLENGED--LAHORE, May 27: The Lahore High Court, on a petition challenging the validity of the recent ordinance against the activities of Qadianis and Ahmedis, has asked the petitioner, Mr Mujibur Rehman Deard to explain whether he was aggrieved by the ordinance and that how could he claim that the President had no authority to promulgate the ordinance when he could amend the Constitution itself. [Text] [Karachi DAWN in English 28 May 84 p 9]

WOMEN BLOCK TRAFFIC--LAHORE, May 27: On the call of the joint Women's Action Committee, six women's organisations staged a protest meeting and blocked traffic on the Mall at Regal Chowk at 4.30 on Sunday afternoon with the sun beating down mercilessly. The women distributed black arms bands among passers-by. The protesting women were carrying placards denouncing the Punjab police and the increasing incidence of crime against women. Read one placard: "Sixty-three incidents in eight weeks". After blocking traffic at Regal Chowk, the women went in slow march towards the Faisal Square. With the procession were families of women who had been recently assaulted. They were also carrying placards demanding justice. At the Faisal Square, the women stayed for quite some time under a blazing sun before returning to Regal Chowk.

Police accompanied the processionists to and from Faisal Chowk without trying to stop them. However, traffic was diverted to alternate routes. At Regal Chowk, the protesting women were addressed by Begum Tasnim Abid Minto who recalled the outrages at Nawabpur, Manga Mandi, Kot Lakhpat, Faisalabad, Sodiwal and other places and said they were a sad commentary on the law-and-order situation in the country. [Text] [Karachi DAWN in English 28 May 84 p 9]

FERTILIZER EXPORT--KARACHI, May 26: Pakistan has created a commotion in the regional fertilizer market by negotiating deals for the sale of about 85,000 tons of urea fertilizer to three Third World States it was learnt here today. In a record time of 25 days, the TCP signed a contract for the sale of 30,000 metric tons of urea fertilizer, arranged the required supplies and exported the consignment to Bangladesh. Similarly, it has also concluded deals with Sri Lanka. Market reports are that TCP has reached an understanding with a neighbouring country for the sale of another 50,000 tons of urea awaiting the approval of the two governments. The TCP arranged supplies through the Ministry of Production and the National Fertilizer Corporation and took about 5,000 tons of urea from Fauji Foundation to meet the May 20 target for the last shipment. The order for the Bangladesh was procured by TCP through an international tender and constraints caused by shortages of bags, a slowdown in production and consequent temporary interruptions in the constant despatch of urea by rail as well as road transport were overcome with utmost speed. [Text] [Islamabad THE MUSLIM in English 27 May 84 p 1]

ENGLISH AS SECOND LANGUAGE--ISLAMABAD, May 26: A comprehensive and consistent language policy is being implemented at all levels. This was stated by the Federal Minister for Education, Dr. Mohammad Afzal during his inaugural speech at the six-day second conference on the teaching of English as a foreign/second language here today. The Minister said it had been again and again stressed that policy regarding medium of instruction was unchanged and all papers of matriculation examination from the year 1989 would be prepared in Urdu. The decision was taken in 1979 and a time span of ten years was given to gradually implement it. He appealed to the parents that they should believe in the policy of the Government and not the policy of private English medium schools. While highlighting the importation of English as a second language the Minister said it would always remain an integral part of our educational system but as a foreign language. He said English is a means of international communication and its importance cannot be ignored. Therefore, new syllabi for English is being prepared keeping in view the language policy. Audio visual aids would also be used for the teaching of the languages. [Text] [Islamabad THE MUSLIM in English 27 May 84 p 1]

CASE AGAINST LEADERS--GUJRANWALA, May 18--Satellite Town Police have registered a case under MPO 16 against Mr K. H. Khurshid, President, defunct Kashmir Liberation League, and Mr Nisar Hussain Naqvi, a local leader, for allegedly delivering objectionable speeches in a meeting of party workers at a refugee camp on Feb 24. [Text] [Karachi DAWN in English 19 May 84 p 4]

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